



by MAX LOPPERT

by CLEMENT CRISP

by MICHAEL COVENEY

by GARRY O'CONNOR .

OVERSEAS NEWS

Smith steps up security

BY TONY HAWKINS

SALISBURY, July 21

RODESIA POLICE were reported to be mounting increased security precautions in the Salisbury area following the two incidents in Salisbury last night.

Police revealed that Chinese grenades were used in the attack on Salisbury's Pink Pan restaurant in which a 19-year-old white man was seriously injured. Hospital authorities said he was on the critical list.

African man was seen running from the La Bohème night club after the second blast, but no arrests had been made and police would not discuss security precautions.

Four more guerrillas were killed in contacts with the security forces. This takes the total of guerrilla casualties so far this year to 451 and 1,088 since the war started 31 years ago. The security forces have lost 57 men this year (122 since the start of the war) and there have been 145 civilian casualties this year (427).

In a separate development, Rhodesia has introduced a system of "exit/entry" cards which all men with a security force commitment must fill in when leaving or returning to the country. The system takes effect on August 23.

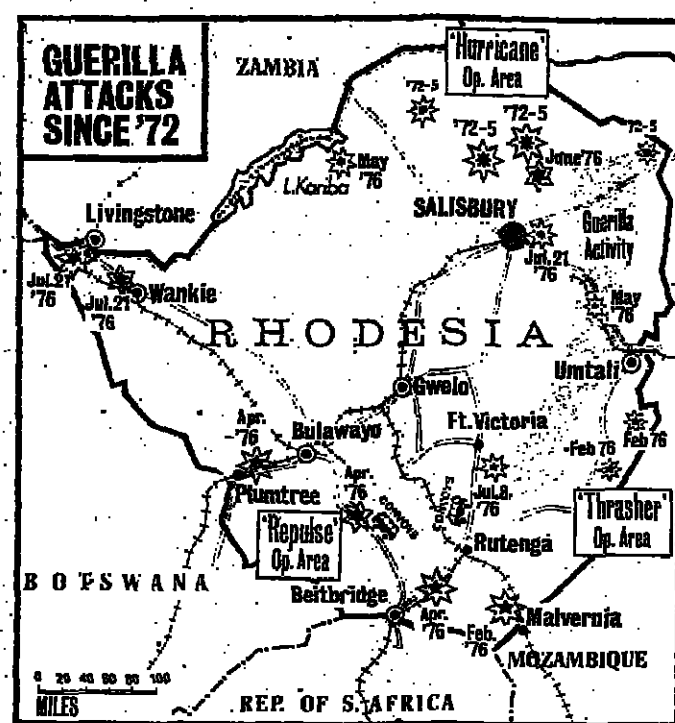
In a parliamentary statement today, the Minister responsible for the military call-up, Mr. Reg Cowper, said new medical boards were being established to tighten up on medical exemptions, while men aged 30-34 would be trained by the army and not by either the police or the Ministry of Internal Affairs.

The Minister of Finance, Mr. David Smith, told Parliament today that the reduced emigration and holiday travel allowances would save the country an estimated \$40m. (\$35m.) a year. Prior to his budget last week, the cost of these allowances to Rhodesia's foreign exchange was running at about \$105m. (\$93m.) annually, he said.

He said that the lower holiday allowance should not be regarded as permanent. It would be reviewed as soon as the balance of payments situation allowed. The Minister said there was every reason to expect the

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VIETNAM AND ITS NEIGHBOURS

Hanoi goes wooing

BY RICHARD NATIONS IN BANGKOK

THE RECENT good-will tour of Vietnam's Deputy Foreign Minister, Mr. Phan Hien, to five South-East Asian capitals is one of the most encouraging signs of Hanoi's intentions towards its neighbours since the fall of Saigon over a year ago.

Hanoi has normalised relations with the Philippines, invited the Thai to take the month, and announced its intention to send an ambassador to Singapore before the year is out. Moreover, Mr. Phan Hien's journey has helped to clear the air, previously thick with mistrust, in the other capitals on his itinerary: Kuala Lumpur, Jakarta, and Rangoon. Yet a question mark can hardly help but linger: is there a change of heart in Hanoi, or merely a change of tactics?

There are indeed sound indications that for the moment, Hanoi sees that it has more to gain from normalising relations with South-East Asian governments than from encouraging their downfall. Hanoi has massive problems of its own. It must clear away the debris of war, administratively digest the south, reconstruct an underdeveloped economy, and consolidate its military and political gains in Indo-China.

This is not the moment for adventures abroad. On the contrary, they need help. That is the view of a Western diplomat in Bangkok, who feels that Hanoi may believe that the current power balance in South-East Asia is propitious to "reaching out for help."

Hanoi's diplomatic initiative coincides with the final stages of the withdrawal from Thailand of American forces which Hanoi saw as the most direct and immediate threat to its security. Closing down American bases stood as the unwritten but none the less understood precondition for talks with Hanoi, however keen the Thais remain to avoid confirming the fact. On Tuesday the American withdrawal was complete, and the way lay open for resuming the talks with the Vietnamese which were suspended when the Thais chose to go to Peking in June 1975, at the same time as they were invited to Hanoi.

In contrast, Hanoi has not allowed the continued presence of American forces in the Philippines to block diplomatic relations with Manila, which Mr. Phan Hien offered immediately upon his arrival there last week. The Philippines are not only considerably more remote from Vietnam than Thailand, but as one Western envoy in Bangkok put it, "the Vietnamese may see some virtue in the American's present posture as a Pacific power. They are far enough away not to pose a direct threat, but

still close enough to be called upon in the power balancing game which Hanoi is playing to ensure complete national independence."

These shifts in the regional power equation have been followed by a marked change in the emphasis of Hanoi's propaganda line. It has ceased both to attack the Association of South-East Asian Nations — as "a new tool fashioned by the Americans for old imperialist purposes," and to call for "people's struggles" against "neo-colonial regimes."

But if the regional power balance provides the background, Vietnam has agreed to allow all Americans stranded in that country at the end of the war to leave from August 1 and take their Vietnamese families with them. It was disclosed in Washington yesterday, according to UPI. The news was released in telegrams from the Vietnamese Ambassador in Paris, Vo Van Sung.

Thailand holds a special position among South-East Asian states. Its principal artery of communications, as well as an enormous hydroelectric potential, lies along the border between Laos and Thailand, also provides the natural strategic front line for Indo-China, its principal artery of communications, as well as an enormous hydroelectric potential.

Thailand's former Prime Minister, Mr. Kukrit Pramoj, has said that the Thais have clear evidence that the Vietnamese give logistic support, training and arms to the Thai Communist Party in the North-East, along the west bank of the Mekong. "Yet despite this we do not mind. We are willing to make friends."

The Thais expect to make a major step towards normalising relations during their trip to Hanoi next month, and observers suspect the ground work has been well laid during weeks of quiet diplomatic contacts in neutral capitals.

There remains, however, one complicating factor that could disrupt the visit. The political fracturing of what is needed to reconstruct the Vietnamese economy. Only the West and Japan can provide the technology and aid on the scale to ensure rapid development of Vietnam's infrastructure and industry.

Some Thai officials see the Hanoi diplomatic initiative in the region as a first step in the approach towards Japan. "With Japan's massive investments in South-East Asia, Tokyo has been very generous towards the Vietnamese. Strong trade links and investment are more likely to grow when the Vietnamese develop and sustain good relations with their neighbours."

audi peacekeeping force takes position in Beirut

MICHAEL TINGAY

BEIRUT, July 21

A peace-keeping force moved into the Museum area in an agreement between the Palestine Liberation Organisation and the right wing nationalist party to set up a "hot zone" at the only point where it is possible to cross the lines.

It was initially with a hall of 120 men mainly in Pan-Arabised cars moved forward. After a long stretch of dual-jeep the Saudi contingent took over by mid-day as the same time the long PLO delegation headed

an plans for mile pipeline

C. K. Sharma

NEW DELHI, July 21. INDIAN Oil Corporation is planning a 120-mile pipeline from the oil fields of the Punjab to the refineries at Mathura in Uttar Pradesh. The pipeline, which will be used for transporting petroleum products, is to be extended to towns in Punjab and Haryana States, added.

Indonesia sets deadline for oil talks

By Hamish Macdonald

JAKARTA, July 21

PRESIDENT SUHARTO today set the end of the month as the deadline for concluding negotiations with foreign oil companies in Indonesia on a higher Government revenue take. The move will affect 26 companies, mostly American, who operate under the production-sharing contracts pioneered by Indonesia.

Negotiations have been carried out with the companies since early this year, and picked up after Indonesia successfully won by ultimatum in April contract revisions with Caltex and another company, Stanvac, who work under older-style contracts.

Pertamina's chief executive, Major-General Piet Hartono, today confirmed that the Government was seeking approximately \$2.50 extra out of the \$12.80 price for Indonesian marker crude.

The demand has produced warnings from oil companies that this higher take would leave them no option but to cut back on new exploration.

Amin climbdown in bitter war of words with Kenya

BY QUENTIN PEEL

NAIROBI, July 21

PRESIDENT AMIN of Uganda today called on Kenya's President Kenyatta to "forget the two countries' bitter war of words" and appealed for the "differences" and, in what appeared to be a between the two countries to be total climbdown, simultaneously announced the unconditional release of the Air France Airbus hijacked in Uganda since it was hijacked by Palestinian guerrillas last month.

The move comes just one day before Kenya is due to impose a new foreign currency requirements on all imports entering Uganda, a move which threatens to cut off practically all trade between the two countries. It also follows reports of extreme reluctance by Ugandan soldiers to fight against Kenya.

President Amin summoned the French ambassador to Kampala, M. Pierre Reynard, to tell him he was releasing the Airbus without pre-conditions, Uganda Radio reported. Earlier, Uganda Radio broadcasts had said the aircraft would be kept at Entebbe until Uganda had been compensated for the loss of lives and damage caused in the raid.

Uganda Radio reported that President Amin gave a further explanation for the disappearance of Mrs. Dora Bloch, saying that she had in fact been released with the first group of hostages, before the Israeli raid. Meanwhile the Ugandan President's conciliatory telegram to

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EUROPEAN NEWS

Dublin likely to face strong criticism over security for diplomatic corps

BY GILES MERRITT

SHAME and undeniable political embarrassment were the predominant first reactions of the Irish Government to the assassination of the British ambassador today, but it is already clear that an urgent investigation of the security screen that surrounded the diplomat in Ireland will soon result in a rigid tightening of the system.

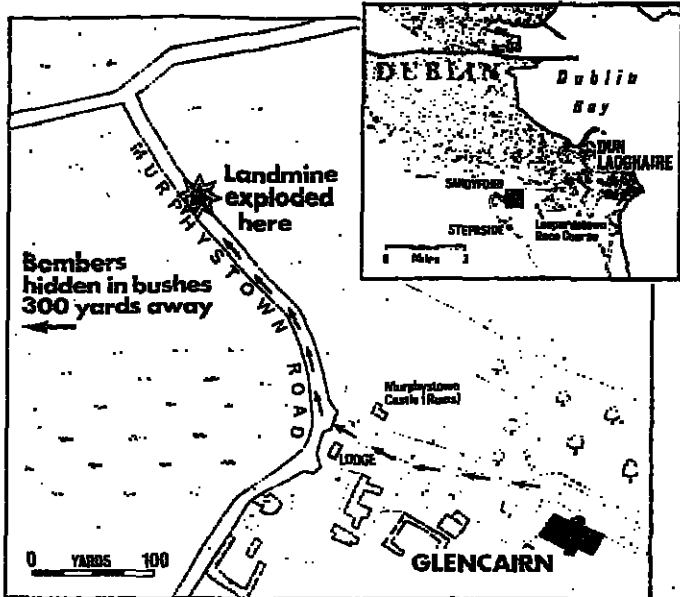
Inevitably, the Dublin authorities will be facing stern criticism on the apparent lack of protection afforded by the Garda Special Branch details responsible for the safety of the almost 100-strong diplomatic corps here.

At a tense, rapid-fire briefing to British reporters this afternoon, Justice Minister Mr. Patrick Conroy, who is responsible for internal affairs and security, pointed out the difficulties of deciding just how far protection should be extended.

In the event, it is now clear that the strict patrolling of the grounds of the ambassador's official residence did not extend to the surrounding countryside. Because Ireland has remained relatively free of the continuous violence that has turned Ulster into a "war zone" for seven years, no expensive, pared security has not until now seemed necessary.

On the other hand, with the benefit of hindsight, it is possible to judge that the security surrounding Mr. Ewart-Biggs, his family and staff, was inadequate, in certain areas, inadequate.

The house and its 10-acre grounds are reached through an ornate wrought-iron gate set into a massive gothic stone archway making the "Glencairn" estate itself fairly secure. Three armed plainclothesmen equipped with rifles patrol the grounds around the clock, and at night the house and lawns are brightly floodlit. A further three security men make up the ambassador's personal guard and there are another three uniformed men on duty all around the house. These were precautions that the new ambassador and Mrs. Ewart-Biggs found disturbing.



residence. These were apparently not patrolled or even inspected from time to time. The Murphys town "B" road that links the residence to the main road is the only reasonable approach to Glencairn. Had security precautions similar to those in operation in Northern Ireland, where culvert land-mines are a constant danger, been adopted, it would have been recognised that that narrow road was the Achilles' heel in Glencairn's defences.

Set in a rural enclave of fields, Glencairn is nevertheless surrounded by the sprawling Dublin outer-suburb of Sandymount. The nine placed in the culvert running underneath the road created

a crater 10 feet deep and is therefore believed to have consisted of at least 100 lbs of high explosive. Police technical experts, examining the scene of the explosion, discovered today wires leading away to a point on a hillside. Although Garda patrol cars are instructed to keep a special watch on the area, it was apparently possible for this

vehicles when it turned out of the Glencairn lodge gates. In Northern Ireland, ministers and senior officials' cars are preceded by a security vehicle in order to either detonate any pressure mines that might have been laid, or to confuse the timing of a visually controlled detonation such as that used this morning.

The ambassador's car, containing also Britain's top civil servant in Ulster, Mr. Brian Cubbon, together with his private secretary who was killed, was followed by the car carrying his personal three-man security squad. The third car contained Mr. Cubbon's own vehicle with a second security vehicle bringing up the rear.

The assassination of any British ambassador to Ireland has never until now seemed a serious threat because of the absence of clear-cut political gain to such Republican organisations as the Provisional IRA. The February 1972 petrol bombing of the British embassy in central Dublin was a spontaneous protest against the Bloody Sunday shootings in Londonderry, but the deliberate assassination of Mr. Ewart-Biggs clearly seemed so improbable to the Irish authorities that security was not kept at a high pitch.

Even though the unexpected selection of the ambassador as a murder target might excuse a system in which the security men follow official orders, such extreme Republican tactics as last autumn's kidnapping of the Dutch industrialist Dr. Tjibbe Herrema is now giving rise to questions in Dublin as to why senior diplomats and officials are not "bowed" by leading and following cars.

Perhaps the most embarrassing question that the Irish Government will have to answer is that of the level of vigilance in the area surrounding the British residence. However, Irish Government sources this afternoon were already rejecting suggestions that there was an inadequate guard on and near the ambassador's residence. It is not possible to have a minute-by-minute degree of patrolling, "one leading security officer remarked."

DUBLIN, July 21.



CHRISTOPHER EWART-BIGGS (above), a tall, aristocratic figure whose black monocle covers an eye injury received at Alamein, was previously Minister in the British Embassy in Paris before taking up his Dublin appointment two weeks ago.

The son of a lieutenant-colonel, Mr. Ewart-Biggs, 54, was married with one son and two daughters. His appointment to Dublin had seemed likely to signal a new British diplomatic assertiveness in the Republic, in contrast to the low profile of the British Embassy in Dublin. Mr. Ewart-Biggs had already caught the public's attention before taking up the post. Under the pen name Charles Elliott he wrote three thrillers—one of which, containing a controversial adultery scene, was banned by the Censorship of Publications in 1942 in the Queen's Own Royal West Kent Regiment, he served in the British military administration in Tripoli (Libya). He was the Civil Affairs Officer at the Ministry of Foreign Affairs in 1945.

He finished serving with the armed forces in North Africa in 1947 and was later appointed second secretary at Bahrain. He stayed in the Middle East and worked in the Foreign Office's Eastern Department.

In 1956 he was made first secretary at the Manila Embassy and in 1958 went to the NATO Defence College. The following year he was appointed assistant secretary in the African Department in the Foreign Office. He returned to the Foreign Office in 1965.

First test for Community's pre-Budget in revised form

BY DAVID CURRY

BRUSSELS, July 21

THE FIRST shots in the annual battle between the European Parliament and the Council of Ministers over budgetary powers are likely to be fired here, tomorrow, when the first draft of the 1977 Budget for Community expenditure comes before Ministers of the Nine.

The tortuous theology of Parliamentary powers will be complicated even further because of the Commission's adoption of a new form of presentation of the Budget which introduces a distinction between cash—which will actually be spent and committed to be entered into. Apart from severe doubts about whether this presentation is constitutionally acceptable it also makes much more complex the calculations of the margin by which Parliament is allowed to increase the Budget.

To press its claim for an early and generous deduction of its scope for manoeuvre a powerful Parliamentary delegation will be in Brussels for the meeting.

The Council is particularly wary of less Parliament enlarge its claim to be able to write in expenditure without Ministerial approval, building on its insistence last year on adding 20m. units of account for aid to non-associated States. This money has still not been spent, primarily because of French resistance.

Parliament has the power to add a certain percentage to money destined for certain sorts of Community expenditure broadly means programmes not stemming directly from the original Treaties. The Social Fund is the major item here but last year Parliament and Council fought a long battle over the still unresolved classification of the Regional Fund.

Parliament has the power to make and implement international agreements for the preservation of fish stocks still rests with the individual member States of the Community and did not pass to the EEC Commission, has been the subject of the European Court in Luxembourg.

Answering questions submitted to it by a Dutch criminal court before which three Dutch fishermen stood accused of infringing Dutch regulations implementing the limiting of catches agreed under the North-East Atlantic Fisheries Convention, the court declared quite unequivocally that such limitations imposed by member States on their nationals do not endanger the EEC fishing policy and are not a prohibited restriction in trade between member States.

The judgment, handed down at the peak of the Common

Market dispute over whether there should be a 200-m. Community fishing limit, and who should rule it, is a masterpiece of judicial tight-rope walking.

While coming down on the side of the British Government as far as the present legal position is concerned, the court, in the grounds it gave for its judgment, went quite a long way to endorse the Commission's aspirations to rule the waves in the not too distant future.

The court agreed with the Commission that Council Regulations No. 2141 and No. 2142 of 1970 established the competence of the Community to regulate the fisheries of member States, not only in their territorial waters but also on the high seas. But it added that the Community has so far failed to do anything decisive to implement the fisheries regime created by the two regulations.

Moreover, the Treaty of the three new states, including Britain, at Council ample time for implementation of the Tr Accession the Council determine the condition for the protection of the European Court the British stand and the sion's aspirations can be put into effect.

Member states can dependably as long Community did not take measures to implement fisheries policy. But it did not do anything which prejudice such future measures.

Court backs U.K. fishing policy

BY A. H. HERMANN

THE BRITISH GOVERNMENT'S Market dispute over whether there should be a 200-m. Community fishing limit, and who should rule it, is a masterpiece of judicial tight-rope walking.

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Italy extends deposit scheme

BY ANTHONY ROBINSON

ROME, July 21.

HAVING RECEIVED the necessary authorisation from both the European Commission and the IMF, Italy has formally extended the 50 per cent. import deposit scheme, originally introduced on May 8, for a three month period to November 3, the Treasury announced today.

The measures, which oblige importers to deposit the equivalent of 50 per cent. of the value of their imports into a non-interest bearing account at the Bank of Italy, have the double effect of discouraging imports

and draining domestic liquidity. A total of L3,200bn. has been taken out of the economy since the measure was introduced. It has been a major factor in stabilising the Lira Bank of Italy officials meanwhile have revealed that the elections last month, which has flowed back into Italy since the elections last month, which is money which left Italy before the elections and partly an effect of the domestic credit squeeze and high interest rates, of which the import deposit scheme is part.

U.K. ECONOMIC INDICATORS

	1976	1975
General	July	June
Unemployment ('000s)	1,463.4	1,332.6
Unfilled vacancies ('000s)	129.1	127.0
Currency reserves (\$bn.)	5,312	5,423
Bank advances (\$bn.)	14,466	14,396
Basic materials (1970=100)	297	296.5
Manufact. prod. (1970=100)	217	214.8
Terms of trade (1970=100)	79.9	79.5
Wage rates (Jan. 1972=100)	213.5	209.4
Retail prices (Jan. 1974=100)	156.0	155.2
	1976	1975
	June	May
Imports f.o.b. (\$bn.)	2,403	2,355
Exports f.o.b. (\$bn.)	2,042	2,014
Visible trade balance (\$bn.)	-360	-341
Steel, weekly average ('000 tonnes)	438.4	463.6
Cars ('000s)*	122	104
Commercial vehicles ('000s)*	32.4	29.8
Houses completed ('000s)†	26.0	25.2
Bricks (millions)*	445	467
Cement, weekly average ('000 tonnes)*	355	303
TV sets ('000s)‡	193	168
Radio, gramophone ('000s)‡	229	217
Furniture (1970=100)§	158	148
	1976	1975
	Apr.	Mar.
Hostery (1970=100)**	88	81
Man-made fibres (m. kps.)*	53.1	54.1
Petroleum (m. tonnes)†	7,052	7,970
Electric conkers ('000s)††	74.1	70.4
Washing machines ('000s)††	65	74.7
	1976	1975
	Mar.	Feb.
Raw cotton, weekly average ('000 metric tonnes)‡	2.23	2.37
Raw wools (m. kilos)	11.4	9.6
Engineering, orders on hand (1970=100)	94	96
Machine tools (1970=100)†	34.6	27.8
	1976	1975
	1st qtr.	4th qtr.
Consumer spending (£bn. 1970 values)	8,870g	8,604
Motor trade turnover (1972=100)	165	133
Building and civil engineering (£bn.)	3,018g	2,998

* Production. † Deliveries. ‡ Net sales. § Consumption. ¶ Seasonally adjusted. †† All manufacturing industries. ‡ Excluding car radios. ‡† Deliveries, U.K. made and imported sets. § From May, 1975 onwards new basis of calculation refers to advances in U.K. public and private sector. Historic figures on new basis not available. ¶ Prices. † Including conker grillers toasters. ‡ Value of output. ‡ United Kingdom not seasonally adjusted. § First preliminary estimate. ¶ Provisional figures.

Warsaw undecided over demonstrations

BY CHRISTOPHER BOBINSKI

WARSAW, July 21.

THIS week's trials and sentences of demonstrators in Warsaw and Radom has raised serious questions about the overall strategy of the Polish authorities.

The trials threatened to disturb a political atmosphere which had been created by the Polish government's decision to grant a 45 per cent. meat price increase, and last week put off price rises of other goods until next year.

What was more, there seems to have been little consideration given to the public effect of the trials, which ended earlier this week with sentences of between three and ten years imprisonment—sentences which have brought appeals for clemency from the Italian Communist Party.

Court observers in Warsaw have noted the haste that accompanied the trials and the difficulty in finding out the timing of the next trial of Ursus workers may point to a desire for minimum publicity. No Press campaign accompanied the scanty Polish news agency reports on court proceedings, but there is little chance that this will have much effect. To-day the Warsaw court waived three-month prison sentences on at least two other Ursus demonstrators sentenced by administrative courts soon after the event, and the issue, of whom four other had been convicted or were out

of work, was clearly designed to show that this is the kind of element which takes to the streets. All this seems to point to continuing indecision in the Party leadership as to how to deal with the issue. Politically the trials can only satisfy party hardliners, though the tone of Polish leader Edward Gierka's speeches had been conciliatory.

The trials may be designed to minimise the effect they may have in the short run, though in the longer term this policy may risk alienating the working class. In addition, the appeal of the Polish Party on behalf of the workers arrested and sentenced is seen by observers here as a significant element in possibly moderating the present hardline stance.

Relations between the two parties have till now been good, and they were the co-organisers of last month's Berlin European Communist summit. It is unlikely that the Polish Party, careful as it is of its image in the West as a whole, should want relations to deteriorate.

The Ursus sentences will be appealed against, but there is little chance that this will have much effect. To-day the Warsaw court waived three-month prison sentences on at least two other Ursus demonstrators sentenced by administrative courts soon after the event, and the issue, of whom four other had been convicted or were out

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The end of this round of the talks marks the end of one of the most complex diplomatic exercises since World War II. The Mutual Balanced Force Reductions (MBFR) or Vienna talks, while contributing to a better understanding of each other's position, turned into a stalemate ever since the Warsaw Pact presented its basic proposal on November 7, 1973. The Pact replied with a counter-proposal two weeks later. The main Eastern proposal suggested a reduction of forces by a total of about 17 per cent. in three stages, including aircraft and nuclear weapons. The West, on the other hand, aimed at eliminating the disparity of about 150,000 troops and some 10,000 tanks in the Central Region in the East's favour.

The often used term "undiminished security" meant different things to the two sides. For the East, the purpose of the

Soviet move on access by the Press

Soviet Ministry officials may now speak directly to foreign journalists without having interviews arranged by the Press Department of the Ministry of Foreign Affairs, reports David Satter from Moscow.

The change is announced in a decree handed down by the Supreme Soviet and published in the most recent issue of the Supreme Soviet proceedings.

The decree is an apparent attempt to honour the Helsinki Agreement which provides for freer access for journalists but it is not known what practical effect it will have.

In the past members of Soviet Government Ministries, with the exception of the Defence Ministry, would answer telephone queries from journalists. Formal interviews, however, were always arranged through the Foreign Ministry Press Departments.

Swedish industry is not particularly optimistic about the immediate future according to the June survey of business opinion undertaken by the Economic Affairs Institute, reports William Dull-force from Stockholm.

Export orders rose during the second quarter of the year but demand remains sluggish and order backlogs are still very low in most branches.

Sampson trial

The trial opened in the Nicosia Assizes to-day of Mr. Nicos Sampson, the man who became "President" of Cyprus for eight days after the coup against President Makarios on July 15, 1974.

It was almost immediately adjourned until Monday following a number of objections raised by the defence.

Delay over Turkish negotiations

BY GUY DE JONQUIERES

BRUSSELS, July 21

DESPITE STRENUOUS efforts by the European Community to preserve an even-handed approach in its dealings with Greece and Turkey, a perceptible note of strain is creeping into relations between Brussels and Ankara.

This evening, EEC officials were still anxiously awaiting a reply from the Turkish Government indicating whether it is prepared to receive high-level representatives from the Community for talks in Ankara at the week-end.

The Community had offered to send Sir Christopher Soames, Commissioner responsible for External Affairs, and Mr. Max van der Stoep, the Dutch Foreign Minister, who is current president of the Council of Ministers, on a goodwill mission designed to clear up possible misunderstandings with the Turkish side.

The offer was made after

Turkey 'unofficially displayed' sharp dissatisfaction with some of the proposals contained in the EEC's mandate for negotiations on its bilateral association agreement. These were due to have been presented formally at a full association council meeting in Ankara on Saturday, but in the absence of any reply from Turkey, this date now seems almost certain to slip by unobserved.

It would thus appear that the EEC will be forced into a situation which it has gone to some lengths to avoid, namely, opening formal negotiations with Greece on its full membership of the Community before having made a start on discussions on its relations with Turkey.

The EEC's opening declaration in its negotiations with Greece, namely, a statement of the aims and objectives of the EEC membership, was approved, except for details, by EEC Foreign Ministers this week and negotiations in Brussels.

The Turkish Government's main objections to the mandate have to do with its regard as an instrument of free access to the market for Turkish goods. In effect, the calls for little more than solidification of the post-roughly 700,000 Turkish in the EEC.

Any move to free access to the market for Turkish goods, where the vast of Turkish workers are employed, and by the UJ displayed acute sensitivity to any steps which could complicate its own problems at a time when its economy is going through a difficult phase.

Pay restraint helps W. Germ.

BY ADRIAN DICKS

BONN, July 21

THE MODERATE negotiated wage settlements in major West German industries this year are already having a favourable effect on the development of unit wage costs compared to a year ago, the Berlin-based German Institute for Economic Research reported to-day.

During the first quarter of 1976, the Institute says, there was a decline of 5.5 per cent. in unit wage costs, thanks to weakened wage pressure and stronger productivity increases. This compares with a 10 per cent. increase during the first half of 1975.

Looking at average earnings, the Institute finds a 6.2 per cent. increase during the first quarter of this year and estimates that this compares slightly to 6.5 per cent. during the second quarter, compared to 8.3 per cent. and 7.7 per cent. in the corresponding periods of 1975.

This year's statement that Italy wage settlements in the 5-6 per cent. range should help to keep conditions favourable for a Government in Rome

further steady recovery in the Republic, though it does not fit the rapid drop in the unit rate from the present rate of about one mill out of work.

HEINRICH HELMUT drew some heavy pressure on the German Government to keep the rate of inflation low, though not the rate of unemployment.

Relations between the German and Western negotiators have played a surprising role.

The feeling here is that there is no significant through in Vienna and West German elements held. But the work has already been for a long time.

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MBFR negotiation: a most civilised affair

BY PAUL LENDVAI, VIENNA CORRESPONDENT

THE NINTH round of the 18-nation East-West force reduction talks ended here yesterday with the Dutch and Polish delegation chiefs blaming the "other side" for the lack of any significant progress. But both expressed their determination to hold further discussions.

The end of this round of the talks marks the end of one of the most complex diplomatic exercises since World War II. The Mutual Balanced Force Reductions (MBFR) or Vienna talks, while contributing to a better understanding of each other's position, turned into a stalemate ever since the Warsaw Pact presented its basic proposal on November 7, 1973.

The Pact replied with a counter-proposal two weeks later. The main Eastern proposal suggested a reduction of forces by a total of about 17 per cent. in three stages, including aircraft and nuclear weapons. The West, on the other hand, aimed at eliminating the disparity of about 150,000 troops and some 10,000 tanks in the Central Region in the East's favour.

The often used term "undiminished security" meant different things to the two sides. For the East, the purpose of the

talks was to preserve and establish its existing superiority. For the West, the purpose was to arrive at a common ceiling of 700,000 ground forces. And while the Warsaw Pact countries insisted on equal cuts to both sides, NATO felt that the disparity could only be eliminated by proportional reductions to achieve a similar ratio of forces. Furthermore, the East refused to accept NATO's concept of a two-stage force reduction, with first stage cuts limited to the superpowers. NATO originally proposed 15 per cent. cuts of U.S. and Soviet forces in the Central Region, of 20,000 and 30,000 troops respectively. NATO also wanted a collective common ceiling for ground forces, while the East pressed for national ceilings, which would have disrupted Western defence policy and made it difficult, perhaps impossible, for the Alliance to compensate for a reduced American presence by increasing other military forces. This it seems, was specifically aimed at reducing the West German Bundeswehr.

Despite these two diametrically opposed views, there has been some movement lately. The most important and controversial change was the proposal submitted by the West on December 18, last year, for the withdrawal of 1,000 U.S. tactical nuclear weapons. 54 U.S. nuclear-capable aircraft, 36 Pershing surface to surface missile launchers and 29,000 troops from Central Europe in return for the withdrawal of an entire Soviet tank army—88,000 troops and 1,700 tanks.

For its part, the Warsaw Pact has moved closer to the idea of two-stage cuts, with first stage reductions limited to the superpowers and involving a two to three per cent. reduction of overall force levels, the withdrawal of 300 armoured vehicles and 54 nuclear bombers and an equal number of missile launchers by each side.

The West, however, has repeatedly complained that the East has refused to provide any data while NATO put its figures on the table three years ago. NATO pointed out that no agreement could be reached unless all the facts were available. But last month, for the first time, the Soviet chief delegate, ambassador Oleg Chelostov, produced the relevant data about the Warsaw Pact forces. And the talks at last became more concrete.

Observers have been surprised that even at the height of the deadlock periods, chief delegates, military advisers and other officials kept meeting each other. When MBFR started in the autumn of 1973, there was no precedent for this kind of negotiations, no conference secretariat, no established rules of procedure. Any progress would therefore depend on whether the conference would be able to establish an ambience in which diplomats could argue but also continue to remain in speaking terms. In this respect the conference was a success, and it all began with the singing at the famous Viennese Heurigen, wine gardens, or what one observer called "the Vienna MBFR boys choir" or "the singing conference".

In February 1974 the formal plenary meetings were reduced to a weekly session. At the same time, the two sides began meeting on an informal basis. Every Tuesday, the Soviet and U.S. chief delegates, ambassador Chelostov and Mr. Stanley Resor, met alternatively for about three hours in the respective private residences.

While the West was kept to dispel any impression of "first class" and "second class" distinctions between full partici-

pants and flank countries. Romanian complaints suggested that the democratic procedure of mutual information and decision-making was not so evident on the Eastern side, where, of course, the Soviet was the chief voice. The Romanian chief delegate, Ambassador Aninolu, openly criticised last December the practice of "unofficial meetings" with restricted participation and the attempt to find solutions outside the framework of the conference itself.

In addition to castigating the "undemocratic procedures," the Romanians also rejected the thesis that the Vienna talks constituted a follow-up of the European Security Conference. In their view, the conference affected the whole of Europe and not just the two blocs.

Western diplomats generally agree that the MBFR talks have been an example of the remarkable cohesion of the Western Alliance both from within and as regards the East. The main result of the conference, as far as NATO is concerned, seems to be that the prospect of unilateral cuts has been reduced and the talks have had a beneficial effect on the solidarity of the Alliance. And personal

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North Sea oil industry is solving problem of increasing costs

BY RAY DAFTER, ENERGY CORRESPONDENT

THE OFFSHORE oil industry is taming the problems which have sent the cost of development soaring to more than double original estimates. This is the message of a report on North Sea cost "escalation" published by the Department of Energy yesterday.

Dr. Dickson Mabon, Minister of State for Energy, said that the report showed that changing technology, lack of knowledge, and inflation had contributed to higher costs. The oil industry now knew more about installing structures in the North Sea but the result would be a slower, more cautious approach to development.

Increased knowledge of the technology and higher costs involved in offshore development could also make more of the smaller discoveries "marginal" or non-commercial fields. He revealed that one offshore group had applied for a remission of royalty to make the economics of development more attractive; the application had been rejected.

The report concludes that taking all projects in the North Sea, the most recent estimates are over double the initial estimates—an increase of about 108 per cent. For projects active throughout the period autumn 1973 to spring 1975 the increase was even higher with final estimates some 2.4 times the initial budgets.

For example, the estimated cost of developing British Petroleum's Forties Field, rose from £350m in 1972 to £750m in mid 1975. Although inflation played its part, the oil companies themselves were largely responsible for under-estimating the technology needed to exploit North Sea

gas reserves. The Department of Energy study team, which produced the main report, sees cause for hope, however.

"The conclusions are based on studies carried out by consultants Peat, Marwick, Mitchell and Company and Atkins Planning. It was found that cost "escalation"—the amount by which the cost of a project increases above the original estimate—had been of the same order as for major non-oil projects. Because of the short time-scale of North Sea ventures, however, the annual rates of cost increases had been much higher than usual.

The study group sees a number of reasons for the big increase in project costs. Oil companies and manufacturers were hampered by inadequate technical knowledge. There was an initial failure to appreciate difficulties of designing, manufacturing and installing complex structures in the hostile environment of the North Sea.

Furthermore, the very pace of development led to inadequate initial cost estimates. The development pace "was not in all cases supported by the necessary management or project management capability."

In addition there was inadequate basic design and development data and the problems of winter conditions had not been fully appreciated.

The report recommends that the offshore industry should implement a more formal system of quality assurance. Certifying authorities are asked to consider the need for adequate inspection and maintenance.

It also wants to see a standardised weather data system

run by the U.K. Meteorological Office for the benefit of offshore operators; the examination by the oil industry of project management organisations; and industry backing for the Offshore Energy Technology Board.

The report also makes the point that, in a sense, the taxpayer is feeling the impact of cost "escalation." "The structure of taxation applied to licensees means that a large proportion of increased capital costs is borne by the Government in the form of revenue forgone." Much of the additional costs were effectively recouped by companies through the Petroleum Revenue Tax allowances.

Often the offshore industry found it difficult to estimate the volume of materials and equipment needed for a project the study team states. Their precise requirements for the North Sea had to be based initially on offshore experience in other, less hostile, areas.

North Sea Costs Escalation Study Energy Paper No. 7, SO.

Major design changes at all £3.35.

PROGRESSION OF STEEL PLATFORM COSTS 1970-75

Cost category	Cost by year at current prices (£m.)					
	1970	1971	1972	1973	1974	1975
Management	3.9	4.7	5.3	6.0	6.9	8.3
Design effort	1.2	1.5	1.8	2.2	2.4	2.8
Steel	3.3	3.9	4.2	4.2	4.5	8.1
Jacket fabrication	21.2	24.6	27.5	38.1	44.4	55.0
Manufactured equipment	20.1	22.1	23.5	25.3	29.4	36.2
Module fabrication	3.7	4.1	4.4	5.3	6.2	8.8
Offshore services	1.4	1.6	1.9	2.4	3.2	4.0
Offshore transport	1.8	2.0	2.1	2.3	2.7	3.5
Offshore installation	8.4	10.0	13.2	16.4	24.3	24.5
Total	66.4	76.9	85.9	104.1	128.0	155.2
Index of costs	100	116	129	157	193	244

stages of manufacture had produced results that varied considerably from the original estimate. Initially there was typically an under-estimate of the volume of resources needed of between 50 per cent. and 100 per cent. Unanticipated price inflation increased the level of costs by between 30 per cent. and 50 per cent.

The dodging operations for Howard Doris's oil platform construction yard at Loch Kishorn, Wester Ross, Scotland, was initiated yesterday by Prince Charles. The ceremony, relayed to 400 guests in a London hotel, marked the end of the first phase in the construction of a \$120m. (£67m.) concrete gravity platform for the Chevron group's Ninian Field. The structure, claimed to be the biggest man-made object to be taken to sea, is due to be completed and floated out to the field next summer.

North Sea Costs Escalation Study Energy Paper No. 7, SO.

Major design changes at all £3.35.

Industry aid group seeks deposits from public

By Michael Blanden

FINANCE for Industry, the medium-term finance group backed by the clearing banks and the Bank of England, is extending its money-raising activities to attract term deposits from the general public.

The group is offering interest rates at present ranging from 12½ per cent. to 14½ per cent. for deposits committed for periods of from three to 10 years. The scheme covers investments from £1,000 to £25,000.

It sees the development as an extension of its existing borrowing activities, which already include taking larger deposits in amounts from £25,000 upwards at money market-related interest rates.

New scheme

The new scheme will be directly competitive with other outlets such as the local authorities for funds available from individuals and from small funds and professional advisers.

At present, however, it is regarded as testing the market, and FFI indicated that it would be pleased if it attracted sums of about tens of millions of pounds a year.

It is hoped to tape the market by offering an opportunity to "invest in British industry." FFI argues that any new source of medium-term funds would be helpful in carrying out its lending operations.

Steady flow

A steady flow of smaller deposits, it was suggested yesterday, would be particularly relevant to the activities of its Industrial and Commercial Finance Corporation subsidiary, which is involved in lending to the smaller company sector.

The other major subsidiary, Finance Corporation for Industry, lends on medium-term to larger companies, and is the vehicle for the funds being provided under the £10m. medium-term loan facility by the City institutions.

The recent FFI annual report showed that £200m. loans had been agreed under this arrangement of which £116m. had been drawn down. The interest rates on the new scheme rule until July 30. New rates are to be published in the Financial Times every Saturday and Monday.

Lex, Back Page

Building societies want to raise lending levels again next year

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

BUILDING societies want to lend more next year and would seek to raise interest rates if necessary to make it possible.

This was made clear yesterday by Mr. Raymond Potter, chairman of the Building Societies Association, giving the movement's results for the first half of 1975.

Mr. Potter said that societies wished to raise lending levels next year beyond the £5bn target set for 1975, which itself represents a 20 per cent. increase over the previous 12 months. It was hoped that the movement's objective could be met on the present interest rate structure, but that rates would be changed if this was necessary to increase the flow of funds.

The movement's positive stance comes despite the more immediate problems which now confront it. Its competitive position has recently become less favourable and, as a result, the flow of funds into societies has made one of its most dramatic reverses in recent years.

June, net receipts fell to only £131m., a little over a third of the figure achieved just four months earlier.

July has, however, shown a slight encouraging upward trend in the flow of funds.

receipts and it seems likely that net receipts for the month will turn out at around £200m. But this is still low when compared with the recent inflow pattern and this type of monthly figure would certainly not be sufficient to sustain even current lending to programmes for long, let alone enable a further rise in mortgage advances next year.

Societies have their high liquidity levels to help cushion the impact of the fall in receipts, but if lending is to expand further in 1975 and societies are unable to attract considerably more funds, interest rates would have to rise.

No decisions will be made yet and, as Mr. Potter said, the hope is that current rates should survive "for at least months to six months" while advances "come." Societies are waiting to see whether an improvement in the general economic outlook and the chances of a stronger pound could lead to an easing of interest rates and help restore the competitive advantage over competing investment institutions before any action on their part is necessary.

But while the movement seems quite ready to raise its own interest rates if necessary, at the end of the month it was allowed to do so is another matter.

The Government quite naturally be very keen to permit a higher rate, particularly since repayments now form a large part of the flow of funds for housing.

Another loan to societies help tide them over a period of low receipts, as in earlier years, could be a possibility, but if lending is to expand further in 1975 and societies are unable to attract considerably more funds, interest rates would have to rise.

According to the Building Societies Association, part of 1975 was an exceptionally successful period for the movement. Net receipts in the first half of 1975 were £1,728m, while advances in the same period were £1,372m.

The number of loans made in the first half of 1975 against 301,000 in the first six months of 1974, were being promulgated monthly average of £22m. during the period and at June societies were £1,372m.

Total assets of the movement at the end of the month were £28,340m, up on a year earlier.

North planning report calls for self-reliance

BY OUR OWN CORRESPONDENT

THE NORTH of England should be self-reliant and growing problems in the region should be met by the region itself, a report produced by the North Region Strategy Team, says there concentration should shift from attraction of industry to the region to development within the region.

The report says the region should make a net contribution to the national economy rather than depend on it indefinitely for support.

The document, produced by the North Region Strategy Team, says there concentration should shift from attraction of industry to the region to development within the region.

It says that enormous progress has been made since the early '60s on problems of changing industrial structure. But the region's economy had still not developed to the point at which substantial Government assistance could be removed.

The team was set up jointly by the Northern Economic Planning Council, the North Regional Planning Committee and the Department of the Environment to spend three years working out a strategy.

The 173-page report was its third interim report.

The report warns that because of the national economic difficulties and growing problems in other parts of the country, competition for Government resources for regional development is likely to be stronger than in the past.

It is development proceeds, the strengthened position of Scotland and Wales in industrial production, combined with the increasingly evident employment problems of certain parts of London and the Midlands, will make the flow of manufacturing industry to the North less easy to obtain than in the previous decade," it says.

Although the team's report, which is a large-scale survey of the region's economy, and its control systems, and its communications system design and survey work in Saudi Arabia, well under way.

well under way.

War pensioners number 431

THE NUMBER of war pensions fell by 11.8 per cent. in payment last year fell by 3.8 per cent. from 447,000 to 430,000 according to the 1975 report on War Pensioners prepared by the Department of Health and Social Security and the Scottish and Welsh Offices.

Pensions from the 1914 War cent.

Airline to fit warning system

BRITISH AIRWAYS has placed a £500,000 order with Marconi-Elliott to supply ground proximity warning systems for its entire aircraft fleet.

This decision stems from the ruling by the Civil Aviation Authority that all jet airliners on the U.K. register must be fitted with these devices by next January 1.

The ground proximity warning system is a device which warns the pilot both by flashing lights and an aural warning to "pull up... pull up" when the aircraft is flying dangerously close to the ground.

The decision to fit the system follows similar action in the U.S. after a number of public transport aircraft had flown into the ground either soon after take-off or on landing.

BA likes Concorde

AFTER SIX months in passenger service, British Airways says that it is "delighted" with the Concorde's passenger traffic results to date, on the routes between London and Bahrain and Washington.

The airline said yesterday that its load factor on the London-Washington route is now 93 per cent., while on Washington-London it is 92 per cent. — although it is stressed that these figures are based on the restricted seating capacity of 68-71 offered on the route because of the high temperatures at Washington in summer.

"This sort of load factor is unprecedented for the introduction of a new aircraft type," said BA. "Concorde is now so

popular that passengers are queuing up to fly on it and we are putting some on stand-by."

About 10-12 per cent. of the Washington passengers are businessmen from New York and this is encouraging BA to believe that, once it can win rights to fly to and from Kennedy Airport, it will capture even more traffic.

Replying to criticisms that Concorde is not making money BA says that the aircraft is covering its operating costs and it will make a return on the capital investment when the route network has been expanded to include New York, Melbourne and Tokyo in addition to Washington, so as to enable each Concorde to achieve a utilisation of 2,750 hours a year.

Slower growth at airports

A SLOWER rate of traffic growth at the seven airports run by the British Airports Authority is attributed to the decline in the pound hitting holidays abroad.

The rise in passenger traffic at the BAA's airports (Heathrow, Stansted, Gatwick, Prestwick, Glasgow, Edinburgh and Aberdeen) in June was 3 per cent. over the corresponding month last year, which is a slower rate than had been evident in earlier months of this year.

Nevertheless, the authority still handled over 3.1m. passengers at its airports in June, with traffic at Heathrow rising by 9.5 per cent. and that at Gatwick by 3.4 per cent.

The Civil Aviation Authority has now brought into use a new £450,000 extension to the control tower at Gatwick Airport.



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Arab International Bank
Frab-Bank International

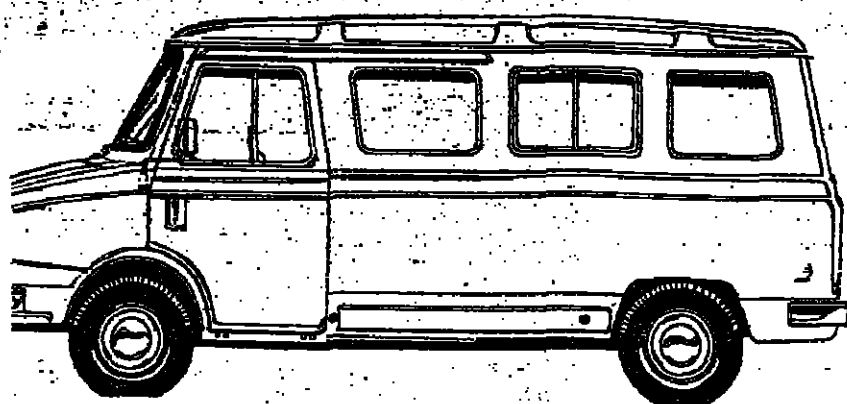
Capital: Flux 2 billion (approximately US\$50 million).

CONSOLIDATED BALANCE SHEET OF EUROPEAN ARAB HOLDING S.A., Luxembourg EUROPEAN ARAB BANK (Brussels) S.A. EUROPÄISCH-ARABISCHE BANK GmbH, Frankfurt AT DECEMBER 31, 1975

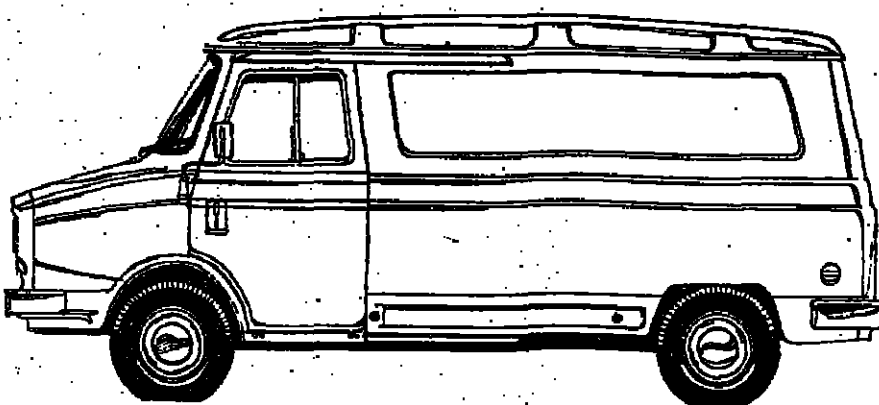
ASSETS		LIABILITIES AND SHAREHOLDERS' EQUITY	
	US \$		US \$
Cash and due from banks		Liabilities	
Due on demand and up to one month	162,745,245	Deposits from banks	
Time deposits for periods exceeding one month	175,575,398	Due on demand and up to one month	171,571,091
	338,320,643	Time deposits for periods exceeding one month	175,166,281
Bills of exchange on hand	6,533,915		346,737
Customers' liability on acceptances	4,645,909	Other deposits and current accounts	
Loans and advances		Due on demand and up to one month	35,513
For periods up to one year	6,185,696	For periods exceeding one month	23,245,693
For periods exceeding one year after deduction for loan risks of US\$27,100.	53,369,801		23,281
	59,555,497	Acceptances outstanding	4,645
Securities		Provision for possible losses on guarantees given	1,873
Belgian public authorities	280,000	Other liabilities	5,662
Other	1,581,584		382,206
	1,861,584	Total liabilities	
Other assets	4,432,765	Shareholders' equity	
	415,350,313	Capital	29,754,524
		Legal reserve	247,954
		Free reserve	720,734
		Profit and loss account balance	2,426,366
		Total shareholders' equity	33,149
			415,350

MEMORANDUM ACCOUNTS

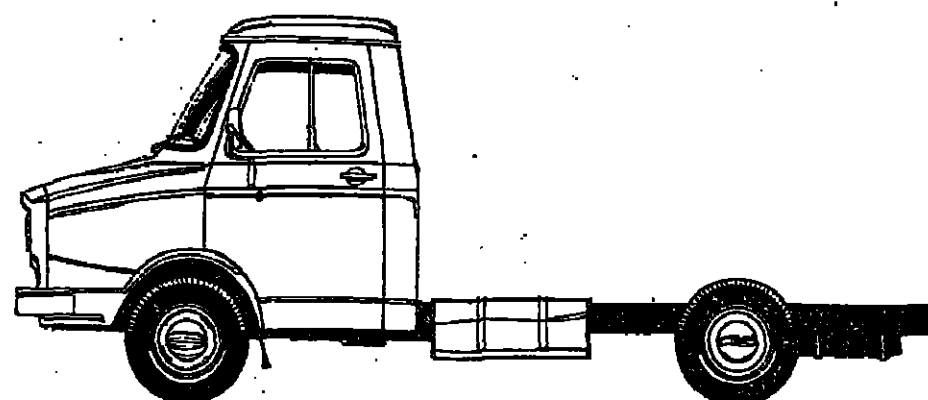
	US \$
Guarantees given	65,581,000
Confirmed documentary credits	115,530,000
Guarantees received	72,249,000
Forward exchange contracts	
Bought	33,710,000
Sold	34,477,000



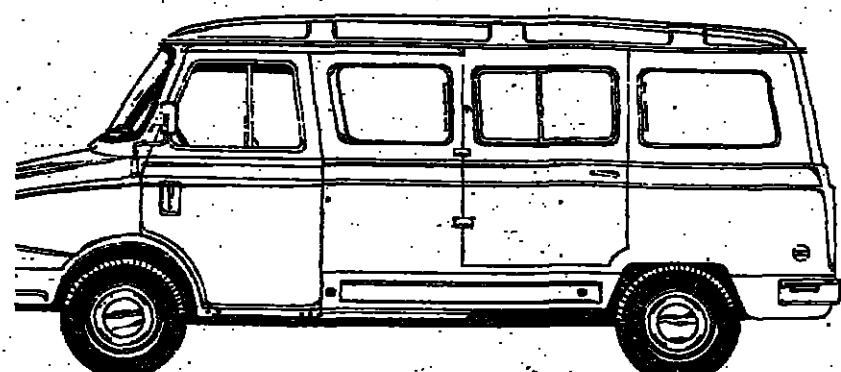
Leyland Sherpa Crewbus



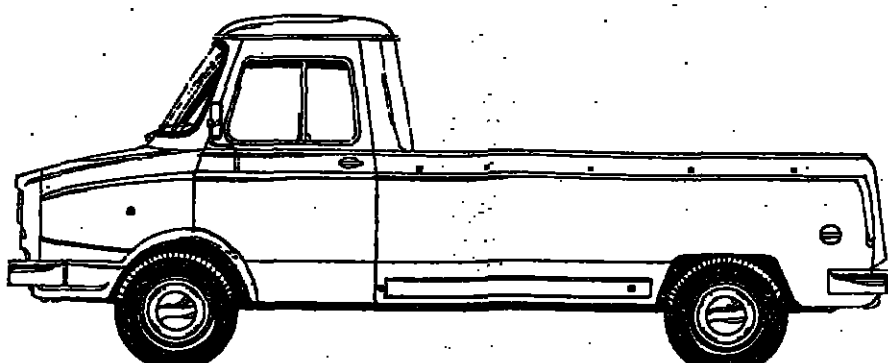
Leyland Sherpa Delivery Van



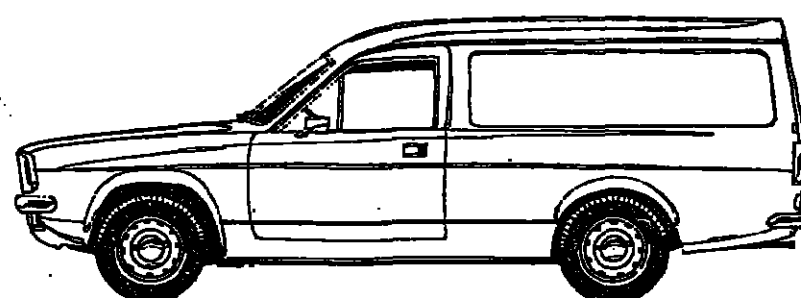
Leyland Sherpa Chassis Cab



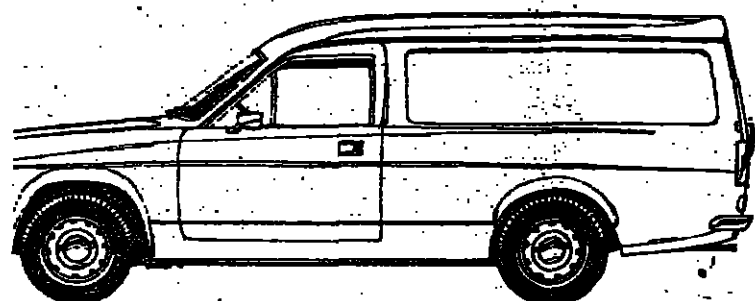
Leyland Sherpa Minibus



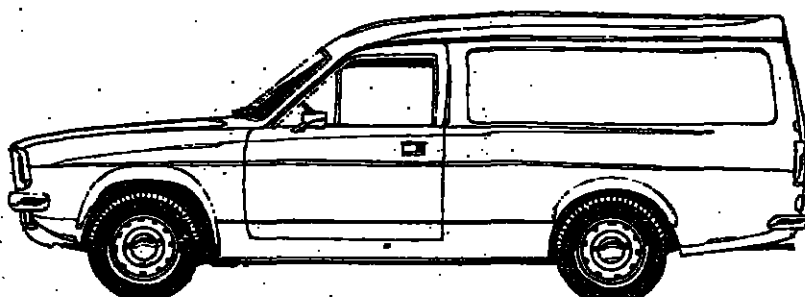
Leyland Sherpa Pick-up



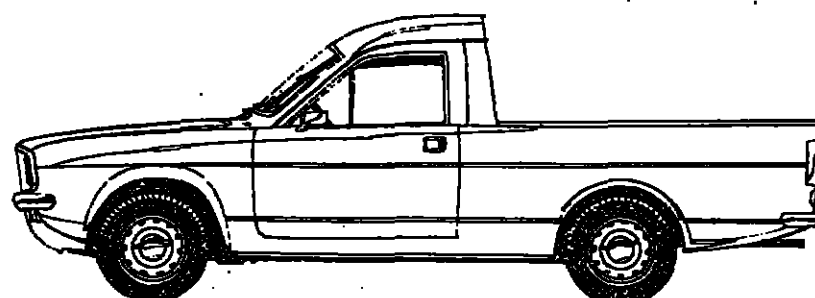
Leyland 7 cwt Standard Van 1098cc



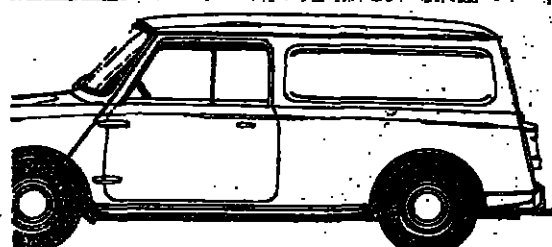
Leyland 7 cwt De-luxe Van 1275cc



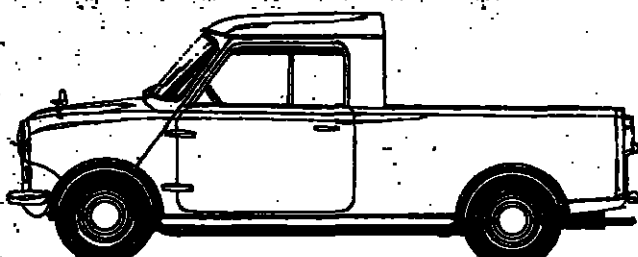
Leyland 10 cwt De-luxe Van 1275cc



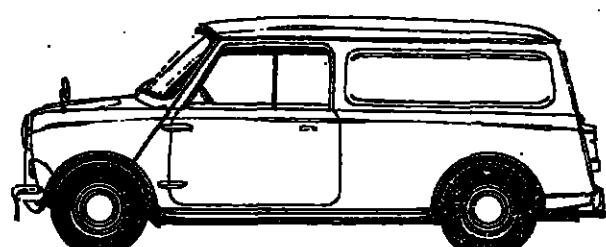
Leyland 10 cwt De-luxe Pick-up 1275cc



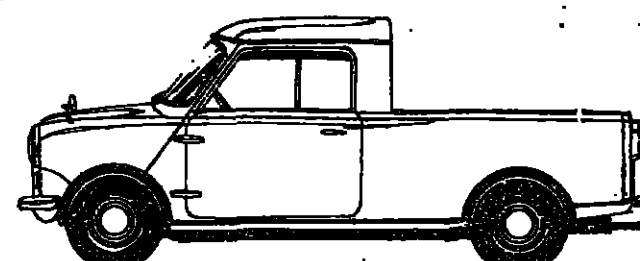
Leyland
Mini 1/4 ton Delivery Van 848cc



Leyland
Mini 1/4 ton Pick-up 848cc



Leyland
Mini 1/4 ton Delivery Van 998cc



Leyland
Mini 1/4 ton Pick-up 998cc

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mercial vehicles in Britain.

And although they look different,
all have one thing in common. And
is the ability to carry more load, for
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All three marques have proved their
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And we back that reliability with
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mitment ever offered on any range
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No other manufacturer offers more.

Because no other manufacturer can
equal our vehicles.

Before you buy. Or after.





Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

WATER SUPPLIES

Level maintained by big bag

A PORTABLE fabric tube dam raised the water level of the River Avon to 12 inches above the normal level to enable the station to keep pumping.

The tube dam acts as a weir to hold up the local river level at the Bournehead and District Water Company's pumping station at Matchams, near Ringwood, and has been designed and installed by the Flexible Structures Division of John Hudson (Birmingham) under licence from the National Research Development Corporation.

The dry weather has caused reduction of the normal summer level of water in the Avon by some 18 inches—creating pump suction difficulties at the pumping station. The tube dam in-

ELECTRONICS

Competitor for cathode ray tube

NOW being made available in the U.K. through Walmore Electronics is the Burroughs multi-register display module fabricated using the well established Ser-Scan II thick film technology.

It consists of a 240 or 480 character panel display with associated driver and display controller boards. A gas discharge device, it is able to display 12 registers of 40 x 5 dot characters, each formed by a 7 x 5 dot matrix with two blank columns between characters. The display area is about 8 1/2 x 4 1/2 inches and the overall dimensions are 11 x 6 1/2 inches.

Walmore claims that the device is a strong competitor for the cathode ray tube in alpha numeric applications. It serves as a buffered or direct read-out device for stand-alone communications terminals, computer read-outs, microprocessor instruments or any system requiring a self-contained display. The cost is less than a CRT and the life is about 10 years.

The system is specifically designed so that it can be easily interfaced to most microprocessors or data structures; the module's internal refresh memory and control logic allow economies in processor time. Walmore is on 01-896 1228.

Switch in a tiny can

MADE BY Chicago Switch in the U.S. and available in the U.K. from Roxburgh Electronics is a sub-miniature rotary switch sealed into an industry standard TO-5 can.

Useful for pre-set and programming applications, direct mounted on to printed circuit boards, the unit measures only 0.31 inches diameter by 0.26 inches high. For panel mounted applications a thumbwheel is available. The rotary portion moves through 360 degrees in detented steps of 45 degrees, yielding from two to eight positions.

Nominally rated at 0.5A, 125V AC, the switch contacts are able to handle up to 3A. They are of gold-plated brass and are integrated with the package pins which are themselves protected by a glass-to-metal seal in the base of the can.

Alternative contact materials of silver or silver alloys are available for operation at higher power levels. Price is likely to be in the region of £1.50 in 100 lots. More from 22 Winchelsea Road, Rye, Sussex (07973 3777).

HANDLING

Keeps the components moving

TRANSFER OF components from one stage of production to the next can be speeded by an electronically controlled pneumatic conveying system devised by a company in Ipswich.

The system will handle components with diameters ranging from 9.5 to 75mm and weighing up to about 1kg and they are driven through a nylon or polythene pipeline by compressed air at a maximum frequency of one per second.

Each end of the pipeline passes through an electronic sensing head which detects the entry of the component and its control unit which in turn activates the air control valve keeping the consumption of air used in the system to a minimum. Where necessary, a fan-driven air supply is fitted at the delivery end.

A signal is then transmitted to a control unit which in turn activates the air control valve keeping the consumption of air used in the system to a minimum. Where necessary, a fan-driven air supply is fitted at the delivery end.

Apart from controlling the air flow in the system, the sensing head signals can be used to supplement movement of the components being handled, switch on sequential operations or plant or equipment of sort or direct conveyance.

This conveying equipment is manufactured by E.D.I. Electronic Engineering, 118, Fort Hamlet, Ipswich, Suffolk IP3 8AF (0473 211223).

IBO

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Rivet setting, automatic parts feeding and assembly, net weighing machines—all make an essential contribution to efficient production. For this cost saving equipment, wise executives turn to one source of supply—the members of the BE Group. Are you keeping pace in these competitive times?

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Group Head Office: Birmingham Engineering Ltd., P.O. Box 2, Macclesfield Road, Aylesbury, Bucks. HP21 9AB. Tel: Aylesbury (0295) 9911/Telex: 832010.

INSTRUMENTS

Good to one degree

COMPACT, low cost thermistor operated temperature controllers from Appliance Components cover -30 to +110 degrees C in three ranges with an accuracy of ± 1 degree C at mid scale.

Likely applications are in ovens, moulding machines, medical equipment, water baths, cold stores and freezers. The unit is called EERG and is available for surface mounting with flying leads for external connection or as a plug-in module with an 11-pin base.

Normally the units comprise three amp changeover relay operates when the thermistor temperature falls below set point, but a reverse action can be supplied.

Housed in a moulded case, the flying lead connection model measures 2.75 x 1.4 x 2.2 inches. Operation is in the mains. Mains from Cordwainers Street, Maidenhead, Berks. SL6 7BO (0628 32323).

Checks the slurry

MOISTURE content of slurries can be measured and controlled using the 4-989 liquid density transmitter announced by Bell and Howell Lenzor R&W, Basingstoke, Hants RG22 4AW (025620242).

The device makes no contact with the slurry and uses an infra-red detector to sense the slurry temperature as a specified seam is sewn. As the slurry is sensed in line or on

ties are also provided to check the needle speed. The unit is compact and portable and can be used in conjunction with any lockstitch or chainstitch machine.

A convenient scale reference is provided by the instrument for easy communication of sewing performance standards. The instrument should prove particularly useful in assessing new fabrics and finishes before large scale use. More on 0422 66355.

The transmitters can be supplied with any density span, from 50 to 200 kg/cubic metre for density values in the range 500 to 1800 kg/cubic metre. They are mains energised, completely self-contained and give an electrical output compatible with a wide range of process control equipment.

Indicates sewing qualities

WHETHER or not a fabric is likely to be damaged during sewing is closely linked to its frictional condition and this in turn can be assessed by monitoring the "slip" of the sewing machine needle.

A small device that will do this has been developed by Hatra, a research centre, for knitting, dyeing and making up of knitted textiles, and is manufactured under licence by James H. Neal and Co. of Halifax.

The device makes no contact with the sewing machine and uses an infra-red detector to sense the needle temperature as a specified seam is sewn. As the needle is sensed in line or on

Versatile filter

ACCORDING to OMB Electronics of Riverside, Eynsford, Kent (0222 863567) an almost ideal resonant circuit can be simulated with its filter oscillator 631.

It can be switched to accept or reject any frequency from 0.1Hz to 100 kHz and optionally the range may be extended down to 0.01Hz. A continuously variable "Q" factor from 0.5 to over 300 is built into the instrument in accept mode, while in reject mode a 90 dB "notch" can be achieved.

A switched function control enables the instrument to be changed into filter accept, reject, low pass, high pass, or oscillate modes. The instrument is DC connected in all the modes, eliminating unwanted phase shifts at very low frequencies and enabling the instrument to be used with a digital voltmeter or chart recorder to eliminate interfering signals.

The company states that these features, which have been achieved in the instrument using a "new transfer function" has not meant an extortionate price (£95).

METALWORKING

Raising production of castings

A £12m. development plan for its Southport plant has been announced by Firth Brown Castings.

In the first stage, a 6 tonne capacity melting unit will be added to the existing high frequency melting plant together with a 10 tonne capacity shot blast unit for the primary fettling of castings. A direct reading spectrophotometer to provide rapid metallurgical analysis is also to be installed.

In subsequent stages a 10 ft. knock-out table with sand handling, storage and preparation plant is to be provided together with new flow line production units and sand processing and moulding systems.

Main objectives of the scheme are to increase output tonnage by 50 per cent and widen the product range. Castings now produced range from 5 kg to 7 tonnes.

Firth Brown Castings, a member of the steel division of Johnson and Firth Brown, specialises in castings of steel, cast iron, copper and alloy iron components.

COMPUTERS

Help when the disc 'crashes'

COMPUTER installation managers suffering from disc "crashes" will be able to get help from a round-the-clock magnetic media maintenance service set up by Standard Listing, 78 Park Street, Croydon, Surrey (01 684 3962).

Head crashes, says the company, frequently mean that all discs become suspect so that no packs can be used until they have been inspected and cleaned. It claims that "panic then ensues in the installation when all processing is halted while trying to find someone to test the disc packs."

The new service will, it is claimed, respond to a call in most instances within an hour. Using special inspection and cleaning equipment the company would expect to get sufficient discs running within an hour of arrival.

Most crashes apparently result

from three causes: magnetic oxide redeposition on the disc surface which upsets the flying characteristics of the heads; and non-concentric data tracks (mainly where there are more than 100/lin) traceable usually to damage in the hub assembly.

The analogue approach to automated network analysis has several claimed advantages over the use of digital computers for the purpose. The engineer requires no specialist training and since there is virtually no time lag between posing a question and getting an answer, the link between engineer and machine is "very strong."

This is particularly useful in the initial stages of a network study when the basic data available is often insufficient and unreliable.

Library to go on line

HATFIELD Polytechnic Library will soon be operating an on-line issue system using SB Electronic Systems' Telephon unit and associated microprocessors.

A 32k store unit has been ordered for commissioning early next year and it is intended to implement the system for a limited range of books and then build up in stages as the book stock is labelled.

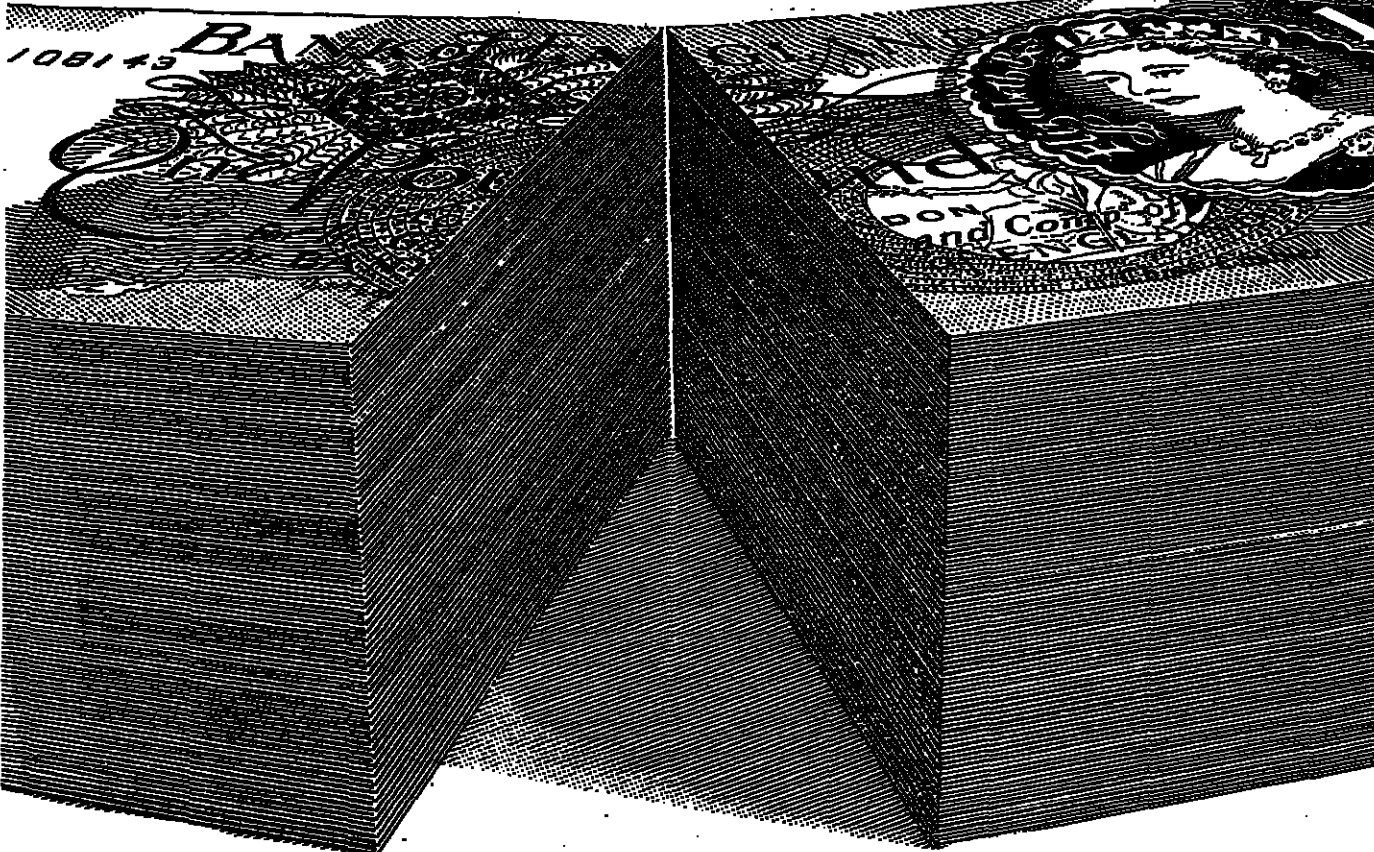
The SB Telephon reads bar-code labels quickly and these are prepared on a Diablo RY-type printer which can also be computer driven. Accession numbers and reader codes are held in a semi-conductor memory controlled by an 8080 microprocessor and a variety of coded instructions can be programmed to allow for different types of borrower and loan periods.

Information held in the store is also recorded on cassette, giving a fail-safe facility. The system includes a stand-by unit which, unless required directly on-line is able to retrieve data for batch processing to produce overdue notices and management information. The library is on Hatfield 68100.

Design aid for fluid networks

ANALOGUE network simulators for use by water distribution engineers, mine ventilation designers and others concerned with flow in networks have been announced by Network Analysers, P.O. Box 2, Didcot, Berks. OX11 9NA (023551 5447).

Apart from routine studies of flow, the instrument can be used to simulate future modifications or expansions to the network when major projects are under consideration. The company claims that the simulator can repay its cost in a very short time by consequent savings in engineering costs.



New idea?

NRDC can halve the development cost.

If your Company has a viable new technical idea, now's the time to develop it, ready to take full advantage of the national recovery as it arrives. NRDC can shoulder half the cost and take half the risk.

You will keep full control of the project and you won't have to pay a penny for the money until sales revenue is generated. Contact NRDC now. Write to the National Research Development Corporation, Kingsgate House, 66-74 Victoria Street, London SW1E 6SL. Better still, ring Brian Mann on 01-828 3400.

NRDC For the finance a good idea deserves.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS.

HOUSE BUILDING COMPANY

FOR SALE

Land bank approximately 320 plots in the Yorkshire area. All with detailed planning consent with token development just started on all sites.

Thornton Baker & Co., 8 West Walk, Leicester

An opportunity arises for a private individual to make a rewarding investment in the

LEISURE INDUSTRY IN THE SOUTH WEST

He will be able to enjoy his involvement whilst obtaining a good net return on his investment with potential capital gain and full security. Amount required £150,000. Principals only.

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WANTED TAX LOSSES

Property Company wants to purchase property dealing company with established losses of over £10,000.

Apply: BERNARD THORPE & PARTNERS, 1 Queen's Circus, Cheltenham, Glos. Tel: Cheltenham 39202.

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wishes to purchase a small electronics manufacturer or sheet metal engineering company with turnover up to £150,000. Profitability not important.

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on leading bureau OS/MVT. Ideal for development work or large users of BUREAU SERVICES ETC.

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with surplus funds seeks to purchase companies with good growth potential and sound products, broadly engineering based, but requiring financial injection to develop full potential.

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available. Let on full repairing insurance leases with frequent rent reviews.

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£100,000 CAPITAL REQUIRED for expansion of successful business.

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PLASTICS FOR SALE

A range of 32 plastic household products together with their associated injection moulds are being offered for sale. The range known as PLAZWAVE has not been marketed since 1973 when sales were £150,000.

Please write for further details to: DOUGLAS PLASTICS LIMITED, Douglas, Lancashire or telephone Achnacgarry 236

INVESTMENT OPPORTUNITY

Luxury self-catering holiday accommodation. Beautiful park grounds. Construction on 41 acres. Family business £18,000 net profit. Seeks substantial (secure or sleeping) financial partner(s) for expansion.

STRANGER, Pauquet de Haut, Caen, Guyenne. Tel: 57148

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TOY SHOP—highest British quality wrapped toys

Write Box E.8374, Financial Times, 10, Cannon Street, EC4P 4BY.

State of Arkansas European Office of the Governor

Avenue Louise, 437B B-1050 Brussels, Belgium

For information on plant location and trade opportunities, contact: Robert Andrick or Thorik Strigel European Representatives Tel: (21) 649 60 24

PEER OF THE REALM will accept DIRECTORSHIPS

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OLD-ESTABLISHED LONDON FIRM SPECIALISING IN International Marketing of Engineering Products and Technology

has opening for an Engineer/Director with broadly based experience. Financial participation would be required but amount secondary to experience and capability. Reply Managing Director, Box E.8365, Financial Times, 10, Cannon Street, EC4P 4BY.

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British Export-Group providing full export services to Middle East and West Africa offers representation by resident British sales staff operating from its Cairo office.

Full details on enquiry to: METAP GROUP, 39, Prospect St., Caversham, Reading. Tel: (0734) 478622 or Telex: 848448.

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for many years of businesses in various industries. New tasks to help businessmen with their corporate plans, management accounting or costing problems, etc. Down to earth direct approach. Rate £5 per hour. Manchester area. Please reply Box E.8370, Financial Times, 10, Cannon Street, EC4P 4BY.

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Required to purchase, employing approx. 50 personnel, preferably in West London area, for the manufacture of jigs, tools, fixtures and special purpose machines.

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SMALL PRIVATE COMPANY

with freehold factory in Devon producing unique self-selling product essential to a rapidly growing worldwide leisure activity, is too under-capitalised and under-managed to be able to take full advantage of the demand which the product has generated. 75% of output is exported and no effective competition is known in Europe or North America. The founder chairman would be interested in discussing participation or amalgamation with individuals or organisations who will appreciate the uniqueness of the product and who will feel able to make a useful contribution to the company's growth. Confidential enquiries to Box E.8367, Financial Times, 10, Cannon Street, EC4P 4BY.

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READY MADE £80 COMPANY SEARCHES EXPRESS CO. REGISTRATION LTD., 10, City Road, E.C.1. 01-428 5434/57361/9936

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in Mayfair wish to acquire a small general Brokerage, preferably with some life portfolio. Enquiries invited from firms with a general business premium income in excess of £50,000. Reply giving full details to Box E.8364, Financial Times, 10, Cannon Street, EC4P 4BY.

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Requires purchase or participation in Manufacturing Concern preferably with management—up to £150,000 available.

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10 TOM SHOP—highest British quality wrapped toys at clearance prices. Write Box E.8374, Financial Times, 10, Cannon Street, EC4P 4BY.

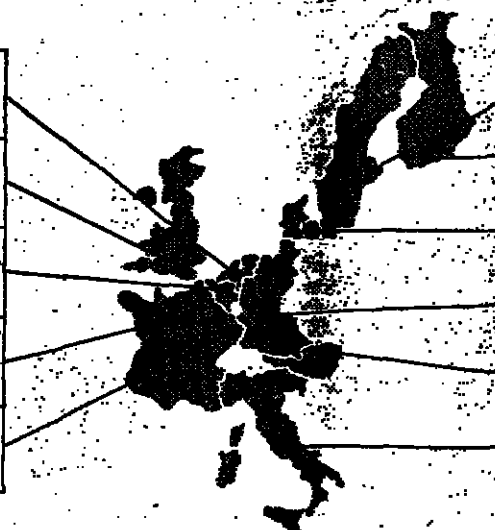
01-428 5434/57361/9936

NEWSLETTER

from

London & Continental Bankers Ltd. and its Shareholders

CENTRALE RABOBANK, THE NETHERLANDS
S.G. WARBURG & CO. LTD., GREAT BRITAIN
CERA - CENTRALE RAIFFEISENKAS, BELGIUM
CAISSE NATIONALE DE CRÉDIT AGRICOLE, FRANCE
BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL, FRANCE



FÖRENINGSBANKERNAS BANK, SWEDEN
OSUUSPANKKIN KESKUSPANKKI OY, FINLAND
ANDELSBANKEN A/S DANEBANK, DENMARK
DEUTSCHE GENOSSENSCHAFTSBANK GERMANY
GENOSSENSCHAFTLICHE ZENTRALBANK AG, AUSTRIA
BANCA NAZIONALE DELL'AGRICOLTURA, ITALY



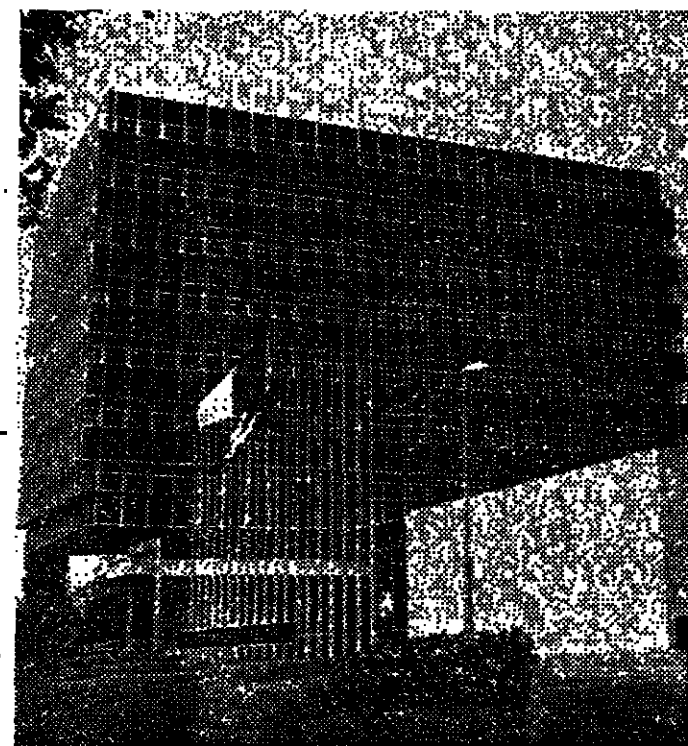
action in Copenhagen, one of the biggest in the world visited by more than 1,000 buyers

40,000 Offices Throughout Europe Give Full Market Access

Shareholders of London & Continental Bankers Ltd. Provide Broad Domestic Strength

Frankfurt, July 1976 (CBGMBH). — The shareholders of London & Continental Bankers Ltd., with the exception of founder member, S.G. Warburg & Co. Ltd., are in the main the Central Banks of Europe's major cooperative groups. Each and every shareholder has demonstrated the success of cooperative banking in his own country and in recent years, major emphasis has been put on international developments. In addition to the formation of London & Continental Bankers Ltd. in 1973, the shareholders, again under the leadership of DG BANK, founded in 1975 a merchant bank in Zurich, Switzerland, together with the Swiss Volksbank. This new bank trades under the name of Bank Europäischer Genossenschaftsbanken.

It is an additional link in the rapidly expanding international network of LCB's shareholders and other cooperative partners.



Head office of Banque Fédérative du Crédit Mutuel in Strasbourg

50 Years of Successful Banking

Andelsbanken, Denmark's Fourth Largest Commercial Bank

Copenhagen, July 1976 (CBGMBH). — Andelsbanken, a Danish bank, maintains a wide branch network throughout the whole of Denmark. The bank's 237 service offices are all within reach of its shareholders and clients. Andelsbanken has over the years continuously strengthened its position as one of Denmark's foremost international banks. Many of the bank's major exporters and importers are closely linked to the bank's many active shareholders.

Andelsbanken A/S Danesbank has since the end of World War II grown steadily and has now become one of the

world's biggest for auctions in Copenhagen, which is visited by more than one thousand buyers from all over the world every year. In 1974/75, 6.9 million shares were sold at a total price of about 700 million DKK. In 1975, Andelsbanken A/S Danesbank launched a nationwide campaign for savings to mark the bank's 50th anniversary. The results were excellent and exceeded the deposits 33%. New legislation forced Andelsbanken A/S Danesbank to stop its old tradition of selling new shares at par over the counter to any subscriber. Thus future increases in capital are offered to existing shareholders only in the form of rights issues. The problem of adequate pricing was solved by introducing the shares to the Copenhagen stock exchange. The reception was good and the shares have since then performed very well. A 12% dividend was paid for 1975 which included a 2% anniversary bonus.

To contribute to the development of Danish trade and industry Andelsbanken A/S Danesbank created a foundation of 3 million DKK on the occasion of its 50th anniversary. The amount is mainly intended to support young business people in their endeavours to acquire additional knowledge and experience abroad.

At the end of April 1976, Mr. Kristian Moeller, Chief General Manager, retired after having served 19 years as Managing Director. He was succeeded by Dr. P. Nyboe Andersen, former Minister of Commerce and Economic Affairs.

The bank is raising 75 million DKK by way of one-for-three rights issue at 105 DKK for 100 DKK share in September. Thus the share capital will be 300 million DKK. At present, the shares are quoted 155 DKK. The Copenhagen stock exchange.

Commercial Private Banking
from the North of Italy to the Mezzogiorno

Banca Nazionale dell'Agricoltura

Rome, July 1976 (CBGMBH). — Banca Nazionale dell'Agricoltura, BNA for short, traces its origin to the Italian cooperative movement which still retains an interest in the bank. Although originally set up to assist the Italian agriculture, the bank has expanded its services to industry and trade from the small and medium-sized firms to the major national and international corporations. In 1975, the bank pursued a policy of support, especially of small and medium-sized businesses. The above emerged from the annual general meeting in Rome. Commercial enterprises received 91.4% of the bank's ordinary loans. Small and medium-sized businesses were granted 65% of the bank's financing.

The largest share of funds available (73%) originated from this section of the community. These policies and the positive results obtained were reviewed by the Chairman, Mr. G. Ennio Barilli, who also stated that

the operation of the bank had grown in importance. Total deposits amounted to 3,635,000 million Liras (+23.6%) and ordinary loans to customers rose to 2,001,000 million Liras (+25.8%). The net profit for the year was 6,510,598,013 Liras (+47.3%).

The bank has just completed the last increase of the share capital from 8,000 to 16,000 million Liras. Total capital funds now amount to 47,880,432,000 Liras. The shareholders also approved the resolution for a new increase in the share

capital from 16,000 to 24,000 million Liras through the issue of new shares of 500 Liras, 50% free and 50% at nominal price.

These increases in the share capital, in short succession, were received with great interest by the shareholders, also because of the high percentage of free issues. The board's intention was for these capital increases to improve the total capital funds/deposits ratio. As a result of the customers' trust in the bank, ordinary deposits increased by 57.7% in the last

Leader of the French Crédit Mutuel Organization

Banque Fédérative du Crédit Mutuel with 1,100 Banks in the Alsace, Lorraine and Franche-Comté Regions

Strasbourg, July 1976 (CBGMBH). — As a result of new legislation, the dominant position of BFCM has been strengthened even further. The bank is now entitled to accept savings deposits on the same basis as the country's Savings Banks. In addition, as far as its loan portfolio is concerned, its traditional role in financing major public projects has been put within a broadly based legal framework. This opens up new and vast opportunities for the bank and enhances its local and national leadership. The bank's historical involvement in the industrial development of its region makes it an ideal partner for international clients seeking to expand their foreign activities.

The Crédit Mutuel of France in general, and the Crédit Mutuel of Alsace, Lorraine and Franche-Comté in particular, have developed quickly in the last few years. With FF 26.3 billion deposits, Crédit Mutuel is now number 6 on a national level and the Crédit Mutuel of Alsace, Lorraine and Franche-Comté number 9 with about FF 10.3 billion deposits collected in the 19 "départements" of Eastern France.

On the local level, this organization, which is 90 years old,

groups more than 1,100 savings banks, called "Caisse Mutuelle de Dépôts et de Prêts" (C.M.D.P.), affiliated with the Fédération du Crédit Mutuel d'Alsace, de Lorraine et de Franche-Comté and its central bank, the Banque Fédérative du Crédit Mutuel, which both have their head offices in Strasbourg. Crédit Mutuel has the densest banking network in Eastern France.

The central financial institution of the group, BFCM, a limited company whose shareholders are the C.M.D.P., with branches in Belfort, Besançon, Mulhouse, Colmar, Sélestat, Strasbourg City Centre, Haguenau, Sarreguemines, and Sarrebourg, is a registered and fully authorized bank with a capital of FF 40 million and balance sheet total in excess of FF 5.5 billion.

BFCM's prime function is to manage liquidity of the C.M.D.P. and to service its clients of its region. Being represented everywhere in Eastern France, the bank has greatly contributed to the growth of the regional economy. In addition, its business contacts with other European cooperative banks have developed very substantially. Whereas C.M.D.P. act locally,

BFCM's activity covers the whole region in the interest of overall coordination and maximum efficiency.

On the one hand, BFCM links the C.M.D.P. with the different financial networks and enables them to provide their clients with the complete range of services of a fully authorized bank. Thus, BFCM functions as a clearing bank. It is necessary for the bank to have large resources permanently available through an efficient management of liquidity because one of BFCM's functions is to manage the liquidity of the C.M.D.P.

On the other hand, the bank's principal aim is to support the C.M.D.P.'s operations by offering them refinancing thus increasing the global credit potential. It also offers additional services, especially in the field of administration.

The evolution of saving depends largely on the standard of living and available employment. It is the bank's constant aim to improve the quality of life through various investments and regional involvement. In this context, most financial actions are initiated by the

long-term institution of BFCM called "Expansion Rurale et Urbaine" as well as through public or semi-public financial institutions. Thus, BFCM is often an important underwriter in public and private bond issues; indeed, BFCM has now one of the most important securities portfolios among French banks.

The activities of the different organisms of Crédit Mutuel are complementary: development of industries and infrastructure, financing of public authorities and housing, and services to the private clientele — hire-purchase — portfolio advice — travelling and insurance — life and casualty — are called "Assurances du Crédit Mutuel" with head office in Strasbourg. The name of the travel agency is "Crédit Mutuel Voyages".

For further information write or call London & Continental Bankers Ltd.:

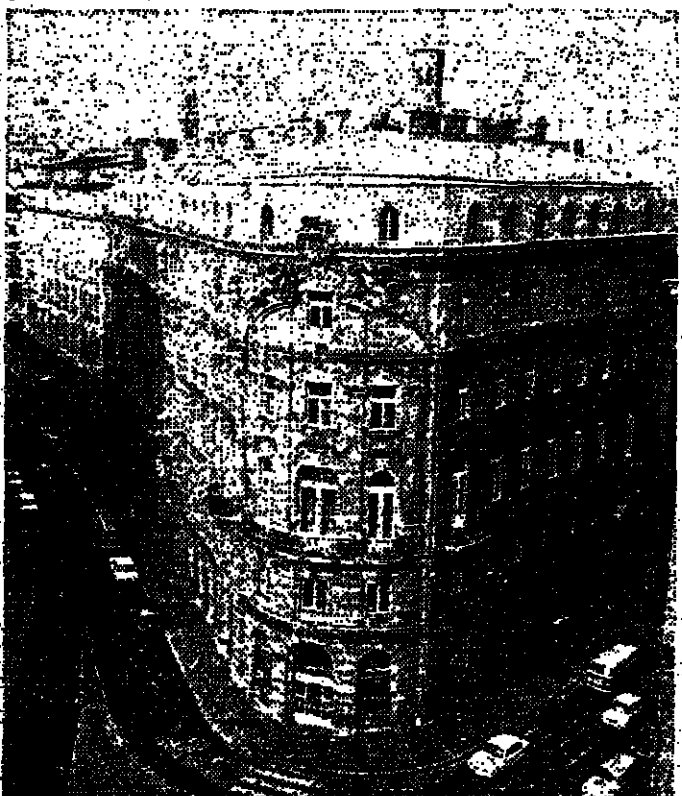
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Telephone: 01-638 6111
Telex: 88 58 26/88 58 27
R.B.N. Madill, Secretary

IB — Austria's Second Largest Lender to the Country's Important Tourist Industry

July 1976 (CBGMBH). — acts as the central institution of the Austrian cooperative finance organization includes some 1,400 credit co-operatives with 500 branches approximately 12 members and 20% of deposits in Austria. In 1975, the total assets of IB were 11.5 billion, the largest provider of loans to agriculture and forestry is the second largest to the country's vital industry. In financing the industrial sector the organization is third place. In 1975, the organization became a public limited company.

The bank is also a partner in numerous foreign and international credit institutions, among them the Vienna International Bank for Foreign Trade (IBA) active in East-West Trade and BHF-BANK-ING International S.A. in Luxembourg.

The bank is one of the "Big Four" among Austrian joint stock banks.



Headquarters of Genossenschaftliche Zentralbank AG (GZB) in Vienna

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The second in a new medical mystery series, starring Dr Norah North.

'A must for hypochondriac crime addicts.'

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Graham Lord, *Sunday Express*

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The first in a new series, introducing a tough and cynical American cop — Roy Boldt.

'Fascinating slices of Americana... Good value from Mr. Lewis.'

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Michael Joseph

Exit Nero

BY C. P. SNOW

A Family Affair by Rex Stout. Collins, £2.95. 190 pages.

The Discretion of Dominick Ayres by Matthew Vaughan. Secker and Warburg, £3.90. 243 pages.

Rex Stout died a few months ago, getting on for ninety. He will be much missed.

He was one of the very best of contemporary writers of detective stories, which are not to be confused with thrillers. In addition he was not only a clever, but an extremely able and public spirited man. For years he presided over the Writers' Guild in America, which is roughly the equivalent of our Society of Authors, but much larger. This was a labour of pure duty. Stout himself had made a great deal of money from books, and felt impelled to do what he could for other writers. As well as having literary gifts, he had a mastery of command of literary business. A lot of people owe something to his public (and private) benevolence.

The Nero Wolfe—Archie Goodwin stories have made their impact for a long time now, and a Family Affair written in extreme old age is both standard and better than most.

Stout had all the equipment of a high class modern detective story writer, but it is a little hard to specify which quality gave him his singular distinction. His plots were ingenious enough, but not so ingenious as Agatha Christie's, and he didn't possess her mastery of the psychological three card trick. He had none of Dorothy Sayers' passionate romantic impulse. He was witty and highly intelligent, but so have been nearly all the masters of the detective story.

Perhaps the real secret is his light in his ambience. Wolfe and Archie are pretty good scaled down equivalents of Holmes and Watson, sketched in

similar bold outlines. Archie, with his blend of insouciance and suppressed hero worship, is one of the best of first person narrators. But it is the ambience or atmosphere of the hyacinth house on West 35th Street that helps Stout to capture us.

It has been said often enough that in the atmosphere of Baker Street rests the final magic of Sherlock Holmes. That is probably true, but surprisingly few writers—though nearly all of them were careful students of the master—have imitated it in an atmosphere of their own. Agatha Christie, who could do most things never more than well, did not do this. Stout's attempt with Miss Marple she did give an impression of vicarious and village green and cosy teas. The prevailing atmosphere of Baker Street is far denser than that. Dorothy Sayers knew it and tried herself, but her imagination was not tied firmly enough to fact. Stout's was, and for density of atmosphere West 35th seems to me the next best thing to Baker Street.

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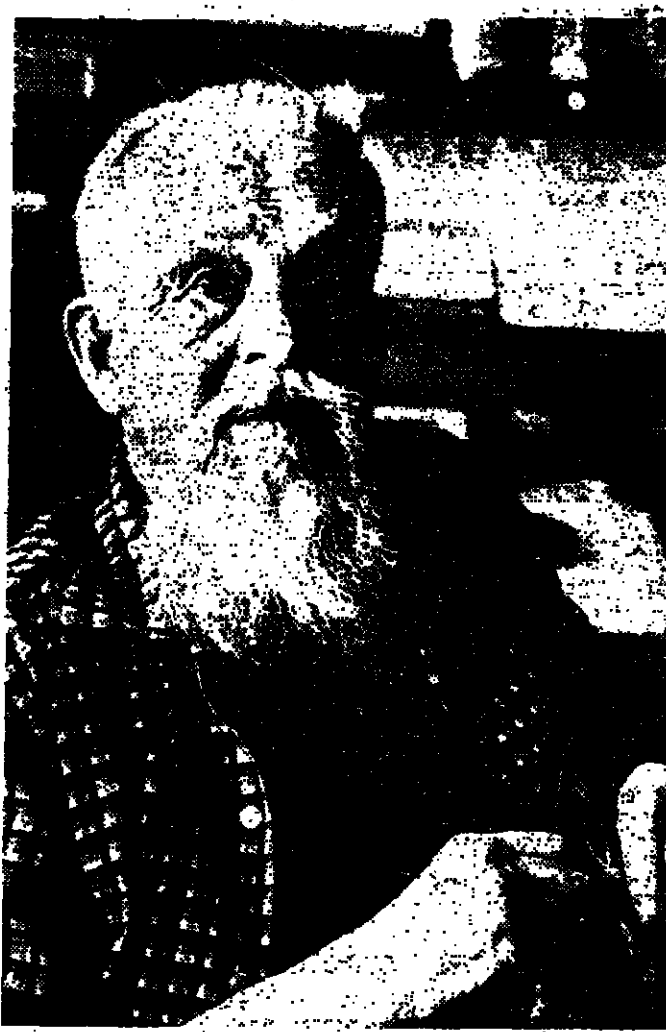
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Rex Stout: the smell of orchids among the corpses

be wise to learn this lesson. It looks as though Matthew Vaughan is doing precisely that. A year ago he wrote an interesting though not entirely satisfactory piece of fiction, *Chalky*, set in the 19th century. Now he has written a detective story which is set in the same period, but which is much more than a pastiche of French cuisine. It is a building material or the kind of house they made of it. Never mind. It is all as totally realistic as the houses in great old detective novels. It is the chief reason, I fancy, why we don't forget Wolfe and Archie. Aspiring detective story writers might

connections, a taste for low life, including lodgings in Clapham and a proletarian girlfriend, scholarly interests and a kind of spiritual alienation—something like an English version of Ivan Karamazov. The policeman with whom he has professional relations are puzzled by him, as well they might be. Inspector Waterfield is well done, and so is a gothic and faintly Ruritanian manner, is the story. Some readers, I hope a good many, will want to read more of Dominick Ayres.

The queen of this bunch of thrillers is quite certainly Jessica Mann's *The Eighth Deadly Sin*. It is a remarkable crime story by an author who, if she so wished, could write a much more than competent "straight" novel. Indeed, this book has many of the qualities of such a novel: only the melodramatic conclusion robs it of such a status.

Mike Roper is a philanthropic solicitor (and writer for children) who is also a kleptomaniac; he is unhappily married to an Indian woman. One evening at a publisher's party he meets the author of a bad soft-core novel of pornography who calls herself Jane Shore. They begin an affair. But the eighth deadly sin is "to be found out," and suddenly this woman disappears. Beweaved with her, Roper tries to find her.

It would certainly be unfair to give away how he finds her, who happens to him, or who she is—for this is absorbing reading. Suffice it to say that his seducement and her nervousness, and the character of her husband (that is giving nothing away since we know she is a married woman from the start) are all observed with an exactitude and even a felicity which sometimes reminds one of a little of Patricia Highsmith. But *Miss Roper*, though fierce, is a master of British provincial life, and does not deal in Patricia Highsmith's more exotic backgrounds. One would like to be able to comment more on what Jane Shore does to Mike Roper, but the plot of this book is too good to resist. One must instead plead for the attention of the intelligent Adam Hall does not read. There is nothing good in sentimental or manipulated here. will find themselves and on the evidence of this we are satisfied with their may expect more crime fiction when they put the (or perhaps just fiction?) of a for all the skill an high class from an already much than an adult level.

Narc, from America, is rough tough stuff; the background is rough and tough, authentic, and the story, although which is by a British writer, is exciting. It is a set in America. Why that the end is sentimental when they put the Timothy Vorovich, a "narc" or language and cynicism, cannot be too much authenticity, a particular about his methods. Boldt is he is to obtain results. But he amoral too whose puts a spot wrong with his life. He has had a young man who is trying to against his life. He escape from him: he is secured. But his at. This infuriates him, and he of whom seem to be leaves the force. He gets in with the death of his pa a powerful drug gang, and is him to action. The offered a considerable sum of rather, disappointment money. His old colleagues feel press is alive. I sure that he is acting on their delicate sensibilities

The Kobri Manifesto by Adam Hall. Collins, £3.50. 244 pages.

Boldt by Ted Lewis. Michael Joseph, £3.95. 203 pages.

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It would certainly be unfair to give away how he finds her, who happens to him, or who she is—for this is absorbing reading. Suffice it to say that his seducement and her nervousness, and the character of her husband (that is giving nothing away since we know she is a married woman from the start) are all observed with an exactitude and even a felicity which sometimes reminds one of a little of Patricia Highsmith. But *Miss Roper*, though fierce, is a master of British provincial life, and does not deal in Patricia Highsmith's more exotic backgrounds. One would like to be able to comment more on what Jane Shore does to Mike Roper, but the plot of this book is too good to resist. One must instead plead for the attention of the intelligent Adam Hall does not read. There is nothing good in sentimental or manipulated here. will find themselves and on the evidence of this we are satisfied with their may expect more crime fiction when they put the (or perhaps just fiction?) of a for all the skill an high class from an already much than an adult level.

Narc, from America, is rough tough stuff; the background is rough and tough, authentic, and the story, although which is by a British writer, is exciting. It is a set in America. Why that the end is sentimental when they put the Timothy Vorovich, a "narc" or language and cynicism, cannot be too much authenticity, a particular about his methods. Boldt is he is to obtain results. But he amoral too whose puts a spot wrong with his life. He has had a young man who is trying to against his life. He escape from him: he is secured. But his at. This infuriates him, and he of whom seem to be leaves the force. He gets in with the death of his pa a powerful drug gang, and is him to action. The offered a considerable sum of rather, disappointment money. His old colleagues feel press is alive. I sure that he is acting on their delicate sensibilities

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CHRISTIAN TYLER, LABOUR STAFF

MICHAEL DIXON, EDUCATION CORRESPONDENT

UR LABOUR STAFF

R LABOUR, STAFF

the emergency committee the NUJ's National Council that re-bro the industrial action suspended on June 10 by the dispute to go into Conciliation and Arbitration (ACAS). The committee originally proposed the NUJ regarded as a final offer on its part a 20 per cent, increase in fees for contributory to compensate initial cost increases. The offer was rejected by the union delegates—faced by NUJ in the last 12 months. Conciliation procedure

By Our South Shields Correspondent

THE ATLANTIC Maritime Company of Valletta, owners of the 3,000-ton cargo vessel Omar, have asked to pay more than £50,000 said to be owed to 20 members of the crew.

The demand was tabled aboard the ship in the Tyne yesterday by two North-east officials of the National Union of Seamen, acting for the International Transport Workers Federation.

A spokesman for the managers of the ship, a must union delegate, said he would report back to his principals and give a reply to-day.

FF

By Christian Tyler, Labour Staff

Similar deals are expected in four other wages councils, to make a total of £25,000 to go through under the £2.50-to-£2.75 scheme for 1976-77.

Department of Employment records show that 10.5m. people covered by major agreements have settled within the £6 policy saving under 1m. to go.

you

FINANCIAL TIMES REPORTER

The National Enterprise Board satisfied that the programme for modernising BL's model range and production facilities will improve BL's manufacturing

BRITISH LEYLAND'S WORKS	
(rounded)	
Dec. 1973	
Cars	139,900
Truck and Bus	28,300
Special Products	10,300
International	32,300
Central staff	425
TOTAL	211,225

BROADBAND LABOUR FORCE (figures)		
Dec. 1974	Dec. 1975	May 1976
133,100	114,500	121,100
28,500	27,400	27,100
10,400	10,900	11,900
26,900	26,100	18,600
400	370	370
199,300	179,270	179,070

"One of the conditions of NEB approval will be that the necessary improvements in productivity associated with each programme have been discussed and accepted by the representatives of the work force."

BRITISH LEYLAND'S U.K. vehicles.


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FIXED INTEREST
FIXED TERM
DEPOSITS.**

**Initial rates
12½%-14¼%**

A cartoon illustration of a lion with a large, curly mane, wearing a crown. The lion is standing next to a rectangular sign that contains text. The lion's body is visible from the waist up, and its legs are also visible at the bottom of the frame. The lion is looking towards the sign.

Term (years)	3	4	5	6	7	8	9	10
Interest %	12½	12¾	13	13¼	13½	13¾	14	14½

GENERAL APPOINTMENTS

Multinational Merchant Banking

We are seeking a young international banker to join our business development team.

Applicants, male or female, should be 25/30 years old with a good education followed by at least three years sound banking experience.

Willingness to travel is essential and the appointment could lead to temporary assignment abroad. Foreign languages would be an asset.

Salary will be offered commensurate with experience and fringe benefits will be those normally associated with a first class banking institution in London.

Applicants should write in complete confidence, giving full personal details to Mr. David E. Nye, Assistant Director & Secretary, London Multinational Bank Limited, 1 Union Court, Old Broad Street, London, EC2N 1EA.

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Basic salary negotiable around £15,000 plus car and results-based bonus. Limited foreign travel.

Please send brief details - in confidence - to D. R. U. Bennett ref. B.43467.

This appointment is open to men and women.

MSL World wide

Management Selection Limited
17 Stratton Street London W1X 6DB

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We are looking for two graduates to join our rapidly expanding international banking department. Candidates should have at least two years experience in international lending operations with particular emphasis on credit analysis and loan documentation. At least one European language would be an advantage.

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London EC3P 3AS

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We are a long established International Bank in London to strengthen our team of Credit Analysts. The candidates will be aged 23-28, with above average education, preferably including an A.I.B. qualification. They will have a good general knowledge of banking and one to two years experience as an Analyst in an international or Merchant Bank environment.

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Box A.5645, Financial Times, 10, Cannon Street, EC.

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The responsibilities include strategic planning, management controls, operational control and information handling. The appointment offers a real career opportunity to a young Business Administrator or Economics Graduate with opportunities for further development into the marketing field or elsewhere within the International Group.

Location will be at the Divisional Head Office in Feltham, Middlesex where General Management, Marketing & Sales and Medical departments are based. There is easy access to Waterloo.



(30 minutes) and to the M3 and M4. The job will entail occasional visits to the factory and administrative services in Leeds, and to Group Headquarters in Basel, Switzerland. Initially, the salary to be offered is likely to be in the region of £8,000 p.a., but interested candidates with relevant experience already earning in this region need not be inhibited from applying. Other benefits include a good pension plan, assisted BUPA membership, luncheon facilities and flexible working hours. Assistance with relocation expenses will be paid if required.

To apply, please telephone or write for an application form from:
Shelia Pritchard,
Sandoz Limited,
Sandoz House,
88 The Centre, Feltham,
Middlesex.
Tel: 01-8901366.
Applications are invited from either sex.

Merchant Banker for Australia

Hill Samuel Australia Limited, one of Australia's leading merchant banks, wish to appoint a Senior Executive to join its Corporate Services Department in Sydney. The principal responsibility will be to advise clients at a senior level on the full range of banking and investment banking activities. This will necessitate the applicant having a highly developed ability to communicate.

Applicants must have several years of experience in finance, preferably in the corporate finance department of a merchant bank and must be able to demonstrate initiative,

R. C. G. Gardner, Personnel Manager,
Hill Samuel & Co Limited
100 Wood Street, London EC2P 2AJ.

sound commercial judgement and a high degree of analytical ability. The right person will probably be 26 to 35 years of age, will be a graduate or full member of a professional society and, preferably, will have gained a post graduate qualification such as an MBA.

An attractive remuneration package will be negotiated and all reasonable removal expenses will be paid for by the Company.

Final interviews will be conducted in London by the Managing Director of Hill Samuel Australia in early August. Applicants should send full details as soon as possible to:



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This Group with a turnover of £150 million in Solid and Oil Fuel Distribution, Building and Road Materials, Refractories and Container Shipping Services, wishes to engage a qualified SOLICITOR to be the SECRETARY of the Parent Company (CAWOODS HOLDINGS LIMITED, a quoted public company) and responsible for the legal work of the Group.

The position will involve a wide variety of work of a secretarial, legal and administrative nature requiring a high standard of executive ability; a shrewd commercial application and ability to work as a member of the management team are vital requirements.

Applicants (age 28-45) should have had good experience in either the commercial side of the legal profession or legal and administrative work in industry.

The services of the Group's legal advisers of many years' standing will be retained.

This is a senior appointment with a salary according to capabilities and experience, and the usual benefits attaching to this level of appointment will apply.

Applications with brief details to:-

N. E. Fullwood, F.C.A.,
Director and Secretary,
Cawoods Holdings Limited,
Southlands, Ripon Road, Harrogate HG1 2HT.

International Sales Manager

Our client is a progressive company manufacturing quality oilfield equipment for use worldwide. They have an expanding British manufacturing plant and a thriving sales office, as well as agents in major oil producing areas of the world.

The successful person for the above position will have experience of selling oilfield equipment in the international market and must be capable of co-ordinating both international sales efforts and sales between manufacturing plants located in different countries.

An excellent salary is offered and conditions are good with the usual benefits expected from an international company.

Applications, with details of your career to date, should be made to Mr. David Harden, quoting Ref. CSG/1.

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Oil Analyst

A leading London firm of Institutional Stockbrokers is seeking an additional research analyst to cover the oil sector and complement existing research expertise. Applicants should have spent at least two years in investment research or be qualified through training and experience in the oil industry. The analyst will be expected regularly to visit companies and be given considerable freedom to develop institutional business within the sector.

The salary and benefits will fully reflect the candidate's experience and potential.

Please reply, in full confidence, to Box A.5642, Financial Times, 10, Cannon Street, EC4P 4BY, or telephone Christopher Ashton-Jones of Leo Burnett Ltd. (01-336 2424), for further information.

SALES MANAGER Middle East

required for sales organisation in Dubai. Applicants should be aged between 25 and 35, with sales and travelling or exporting experience.

The successful applicant will be required to live in Dubai and preference will be given to a single person or a married man without children.

Salary by negotiation according to experience and ability. Generous fringe benefits include free furnished accommodation, free car, allowances and free air travel, etc. Contract is for one year (renewable).

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Cash Management and Banking Up to £10,000 p.a.

Our Client, a major British corporation with worldwide interests and turnover approaching £3,000 million, is making a new appointment in its Treasury Department and seeks someone with wide experience to fill this senior post.

The person appointed will be responsible for the management of the sterling banking operations and for the development of appropriate control systems. This will involve close working relationships with leading banks and financial institutions in the UK, including the London Money Market. He or she will be expected to make a significant contribution to planning the financing of the business.

The necessary experience may have been gained in industry or in the City. The preferred age range is 30-40. Candidates should have a relevant degree and/or an accounting qualification.

Everetts Recruitment Service

Please write to our address for forwarding to our Client, giving full details of career progression. The reference number must be put on the envelope. Enclose separately a note of any company to which you do not wish to apply.

Ronald Fairbairn, Recruitment Manager,
(Ref 521), Everetts Limited,
10 Greycoat Place, London, SW1P 1SE

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We are looking for an assistant investment adviser to join a team in London, which advises Pension Funds in such subjects as investment strategy, choice of managers, and measurement of performance.

For this position you should be between 23 and 28 and have at least two years' experience: this could be in non-specialist investment management with a merchant bank or insurance company. The starting salary depends on age and experience and will be between £3,500 and £4,500 p.a. The successful candidate will also enjoy the Group's excellent fringe benefits and opportunities for higher rewards.

To apply for an interview, phone D. J. Duncan FIA on 01-839 7411.

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Metropolitan Pensions Association
London Office:
28 Haymarket, London SW1Y 4SR.

Area Manager

London based International Merchant Bank is seeking an Executive to be responsible for the maintenance and further development of its corporate business, primarily in Germany and Austria.

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An expanding International Bank seeks fresh University Graduates to start as Trainee Officers. This is a career opportunity for those who would like to prepare themselves for management functions in Banking and Finance. Knowledge of any one or more oriental languages such as Urdu, Hindi, Arabic or Persian would be considered as an additional qualification.

AGE: 22-28 Years
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SALARY: According to Qualifications
OTHER BENEFITS: Group Insurance, Luncheon Vouchers

The candidates should either be U.K. citizens or holders of unrestricted Work Permit for U.K. Handwritten applications along with a recent passport-size photograph, giving detailed account of their educational qualifications, experience, if any, and extra curricular activities should be sent to us not later than July 30, 1976, addressed to:

Personnel Manager,
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UNIT TRUST ADMINISTRATION

A progressive and expanding Unit Trust Group needs an experienced administrator. Age immaterial - enthusiasm essential.

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We are seeking highly professional Account Executives for our London offices to serve its international clientele.

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Job satisfaction and excellent career prospects together with attractive salary are the rewards offered to the right applicant.

Please write in strict confidence initially to:

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240 South Street, London, Surrey.

Schlesingers

TREASURER ASSISTANT

TOOTAL is a large international group with a turnover of £250m., of which about £10m. relates to overseas and £40m. to exports from the U.K.

The work will involve all aspects of raising finance and monitoring its use both inside and outside the business. The emphasis will be on group currency cover routine management. Further expansion is planned which the ample opportunity for advancement.

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An appropriate salary will be agreed and should be no right applicant.

Please write in the first instance to:

Group Appointments Manager,
TOOTAL LIMITED
54 Oxford Street, Manchester, M60 1HA.



Minister pressed on rising jobless

MR. BRUCE MILLAN, Secretary for Scotland, came under fire from both sides of the Commons yesterday over the rising level of unemployment in Scotland.

Like the Prime Minister 24 hours earlier, he admitted the cuts in public expenditure were likely to have the short-term effect of reducing employment but insisted: "It is equally true that unless we get our economic policy generally right, the long-term prospects for employment are very bad indeed."

Faced with criticism from Scottish Conservatives, the Scottish Nationalists and Scottish Labour MPs, Mr. Millan stressed that much of the increase in unemployment announced on Tuesday was due to the registration of summer school-leavers.

"Employment prospects for the rest of this year should be considerably enhanced by the growth in output and exports nationally," he said.

This did little to stem the flood of criticism which was swirling in an English outburst when Left-winger Mr. Bob Cryer (Keighley) called on the Minister to resist "the blackmail from international bankers who want to cut public expenditure."

Mr. James Sillars, the breakaway Labour MP who played a leading role in forming the new Scottish Labour Party, bitterly protested that it was deliberate Government policy to create high unemployment to discipline the working class.

If this policy were continued, he said, Mr. Millan would deserve the reputation of being a member of the "first Tory Labour Government in history."

Denying the "monstrous" charge that the Government was deliberately creating unemployment as an instrument of policy, Mr. Millan declared: "No one is more anxious than the Government to get the unemployment figures down as rapidly as possible."

Tories attack exams merger proposal

THE CONSERVATIVES last night mounted an attack in the Commons on the controversial proposal of the Schools Council to merge the CSE and GCE examinations in a new examination in which every entrant would get some sort of pass.

The attack came as the Commons resumed the report stage of the Education Bill—the first measure to come under the tuition motions which were approved by the House the previous night.

The contentious Bill which compels all local education authorities to so comprehensive had to finish its report stage in the Commons by midnight last night under the guillotine timetable. It still has to go to the Lords where it is expected to meet strong opposition and to provoke further lengthy debate.

From the Tory backbenches, Mr. Neil Macfarlane (C. Sutton and Gosport) moved a new clause to abolish the Schools Council.

This, he said, would allow it to be replaced with a new advisory body on which all education interests would be adequately and equally represented.

He argued that the Schools Council was unrelated and totally unresponsive to the main body of educational opinion. Its recent announced plans for the new exam in English, CSE and GCE, were yet another attack on standards of education.

He complained that the Council had only one representative from the "O" level examining boards and one from the "A" level examining boards. The Schools Council is a mammoth. It is too big, with too little competence to survive in the 1970s.

It had rushed into situations where it could have been counselled and cautioned and was now beginning to undermine educational standards, he declared.

Prison population rises to new peak of 40,808

BY KEVIN DONE, INDUSTRIAL STAFF

THE PRISON population in England and Wales last year was the highest ever recorded and reached a peak at the end of July of 40,808. For the rest of the year it remained above 40,000 and more than one-third of the prisoners had to sleep two or three to a room in cells designed for one person.

According to figures in the 1976 report on the work of the prison department, which was published yesterday, in April that year the number of un-sentenced prisoners reached 6,029, the highest figure recorded in the century.

The report warns that if the prison population increase for the years up to 1980 equals or exceeds the current forecasts, there will be little scope for reducing overcrowding.

Because of Government cuts,

MPs insist on 50-mile fishing zone

BY JOHN HUNT

THE POSSIBILITY of negotiating a 50-mile exclusive fishing zone around all of Britain's coastline was ruled out yesterday by Mr. Roy Hattersley, Minister of State at the Foreign Office, when he reported back to the Commons on the two-day meeting of the EEC Council of Ministers.

He indicated that in the further negotiations on the revision of the Common Fisheries Policy, Britain would be pressing for a maximum 50-mile limit only for certain parts of the coast.

In a statement to the House, he said that at Brussels on Monday and Tuesday, a draft declaration had been provisionally approved committing the Community to deciding procedures for an extension of overall EEC fishing limits to 200 miles by October 1. Mr. Hattersley said he would be attending a further meeting on Tuesday.

But the main concern of MPs yesterday was the size of the national fishing zone which will be decided for Britain in the further negotiations — limits within which other EEC countries will be forbidden to fish.

They repeatedly tried to get a clear undertaking from Mr. Hattersley that he would accept nothing less than 50 miles all round.

But he refused to give such a promise even though Mr. Douglas Henderson (Scott. Nat. Aberdeen E.) warned that the Nationalists would only support him "if he was prepared to stick to 50 miles and not an inch less."

Mr. Bob Hughes (Lab., Aberdeen N.) told him there was common agreement in the House that nothing less than 50 miles would do.

For the Liberals Mr. Jo Grimond (Orkney and Shetland) declared that the Scottish fishing industry was adamant that there had to be a 50 mile limit.

Another Scottish nationalist, Mr. Hamish Watt (Lab., Perth and Forfar) said that Scottish fishermen were determined to change the whole face of European politics rather than put up with this "sellout."

In reply to this barrage of hostile questions, Mr. Hattersley emphasised that he needed the unanimous backing of the House in order to succeed in the negotiations. He promised to pursue the talks "toughly, determinedly and as quickly as possible" within the realities of the situation.

Of course, the Government accepts there are substantial areas of the British coast for which we need a 50 mile exclusive zone."

Miss Margaret Jackson, Under-Secretary for Education, told the Commons that the Secretary of State (Mr. Fred Mulley) was no one's puppet and would make his own decisions on the examination proposals which had been put forward by the Schools Council.

She claimed that Mr. Macfarlane had been "a little unfair" in his arguments. It was very much the purpose of the Council to investigate the examination system and make proposals to the Secretary of State.

Dr. Rhodes Boyson (C. Brent N.), a leading Tory Right-winger and opponent of comprehensive schools, said that he opposed the Schools Council "root and branch." The present need in education was for stability and continuity while the Council seemed to feel that its job was to create constant disturbance.

Mr. Norman St. John-Stevens, Shadow Education Secretary, said that the official Opposition could not accept the proposal.

The power of the Schools Council had increased and ought to be diminished. But its abolition would be a disaster.

Mr. Stevens added: "The Schools Council has done a number of good things and one has to balance good things and one has to balance one against the other."

"There are almost insuperable obstacles to establishing an examination at a common standard because either the conditions are going to be too difficult for the less able, who are not going to pass, or the conditions are going to be too easy for the more able, who will not be faced with the necessary challenge."

"It is these difficulties which have not been faced and researched by the Schools Council," Mr. Macfarlane agreed to withdraw his proposal for scrapping the Council.

When Mr. Du Cann presents his case to the newly founded Select Committee on Procedure, there will be several factors in his favour: first, his personal experience as Conservative Economic Secretary to the Treasury in the early 1960s, his founding chairmanship of the nascent Expenditure Committee in 1971 and his present eminence on the PAC. He will mention his chairmanship of the powerful 1922 Committee of Conservative backbenchers.

In addition, his proposal has a distinguished ancestry. As long ago as 1946, a contemporary Procedure Committee recommended the merger of the PAC with the Estimates Committee, the precursor of the Expenditure Committee, though nothing came of it.

In 1972, the concept was revived by that most fervent of Treasury minds the late Sir Otto Clarke, who was determined that the Parliamentary arm of spending control should be reformed to match the advances made by the Treasury's public expenditure survey committee since the Flood Report a year earlier.

Briefly put, the reformists' case is that a joint Public Expenditure and Accounts Committee would make better use of the limited number of MPs capable and willing to perform the exacting task of taking on the executive might of Government.

At first sight, the proposal seems impeccable. It is common-

sense to link backward-looking with forward-looking to ensure that Government learns from past mistakes.

Also, the Du Cann/Clarke plan is firmly within finest British reformist tradition which the best existing practices to any speculative new departures.

But there is more to support the status quo than the cynical view that the only thing Government learns from past mistakes is how to make new ones. There is the "good Government" argument this auditing should be kept separate from all else as a single-minded, incorruptible exercise.

Furthermore, the key to the light in 1958-1959 and the 1977-1978 financial year was the surplus boot mountain revealed in 1957. More recently, under Mr. Callaghan, the PAC was the

Callaghan condemns the men who murdered his envoy

BY JOHN HUNT

THE ASSASSINATION of the British Ambassador in Dublin and of Miss Judith Cook, a private secretary in the Northern Ireland Office, was bitterly condemned by the Prime Minister yesterday as the work of "misguided men" who were the common enemies of the British and Irish Governments, and of all decent people.

The news of the latest atrocity provoked the most emotional and bitter reaction which has been witnessed in the Commons since the start of the IRA terror campaign.

In a voice choking with distress, Mr. Callaghan told how he felt a direct personal involvement as he had selected the Ambassador, Mr. Christopher Ewart-Biggs, for the post.

He explained that the Foreign Office had originally had a different destination for the Ambassador.

"I felt particularly close to this because he was my own choice for Ireland. I thought his qualities and talents would be suited there. It was only a few weeks ago that I saw him and he told me how much he was looking forward to this post. He is a great loss."

Mr. Brian Cribben, the P.P. for Northern Ireland, who was seriously injured in the blast that once again hit the British Embassy in Dublin, said that Mr. Callaghan's Private Secretary, Miss Cook, was a person who would ill afford to spare.

"It is naturally very close to us when those we know and have worked with suffer in this way," the Prime Minister went on. "They are illustrative of the fact that hundreds of innocent men and women have been slaughtered on the altar of Ireland."

The terrorists were no friends of anyone. "They are a common enemy whom we must destroy or be destroyed by. I don't envy them their cause."

Mr. Enoch Powell (U.U. Down S.) said that the men who did these things were not just enemies of a section, but of both Government and people of the Irish Republic and of the U.K.

Mr. Tom Urwin (Lab., Houghton-Spring) said that he and other delegates to the Western European Union would remember, with gratitude, the wise counsel of Mr. Ewart-Biggs.

Mr. John Biggs-Davison (C. Epping Forest), a cousin of the dead Ambassador, said the Prime Minister's statement would be approved by the family. They had been very close to him and he had known the Ambassador in his previous capacity as Minister in Paris. He thought he should not be deflected from the path that Mr. Ewart-Biggs had followed in bringing the relations between Britain and Ireland closer together.

Mrs. Margaret Thatcher, Opposition leader, said she was appalled and shocked at the outrage. She joined in the Prime Minister's expression of sympathy with the family "though sympathy seems an inadequate word for the deep and sad grief which is now theirs."

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Angus Ross (left) set the conference alight by attacking Eirlys Roberts (right). David Abboott (centre) took a more conciliatory line.

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Cuts' while unemployment rises

AST slyt it is puzzling puts in a few marginal tax increases as a sop to the Left. Mr. Healey's demand for a cut in the rate of competition for the 1977-78 budget is a sop to the right. On his own reckoning, the Government is in a very difficult position. Public spending cuts based on something as problematic as the desire to free resources for exports and investment next year or to restore overseas confidence, can be a very precarious affair. Overseas confidence is given to sudden and unpredictable changes; and the picture of a really think that the Treasury is a timing and urgency of the spending cuts is a very real one. The Government's own reckoning shows that drawings have made from the \$5.3bn. bank credits and that the chance of being repaid them by December drawing on the IMF. Bank support also gives balance holders the ability to get out without the market too much themselves.

all the Chancellor is advised by the desire of an IMF-type policy in any drawing, so that policy does not appear to be upon him by the Government, anyone who the reasoning behind the Budget has no good change, his mind and demand restraints at the time.

the welter of con- siderations and of- considerations, there is at to grasp firmly. The important valid reason for to hold back public is and always will be, to reduce the tax, or more realistically, to it from increasing. This true even if Mr. Healey

MEDIUM AND LONG TERM U.K. UNEMPLOYMENT

Year	Unemployment
1975	430,000
July	430,000
August	430,000
September	430,000
October	430,000
November	430,000
December	430,000
1976	430,000
January	430,000
February	430,000
March	430,000
April	430,000
May	430,000
June	430,000
July	430,000

fluctuating between 800,000 and a million. Despite the pool of unemployed, one is constantly coming across firms which find it far from easy to find enough workers. One Lancashire employer to whom I spoke the other day has been chronically short of workers of a minimum standard of dexterity and reliability for the last few years. Most of the unemployed sent to him by the local Exchange are not suitable for his requirements. But he is prevented by the pay policy from paying the market rate for the type of workers he wants.

I asked him why he did not lower his sights and accept the workers who came along at a reduced wage, which reflected

their market value. He said the trouble was that in that case they would be better off on social security benefits. There is here an unnecessary human waste. It is surely not beyond the wit of man to devise a way in which a worker with low market value can be better off in a job than out of it.

A specific British problem may be a lack of suitable capacity to employ the labour force. A clue to what may be happening is the following instance — which could again be multiplied many times. A British subsidiary of an American concern reckoned that an investment in a new process would pay for itself in cash flow terms in two years without price control. Under the old Price Code, it would have taken five years; and with the proposed amendments it would take a little less than four years. The venture is now reckoned marginally profitable and may be undertaken in the next six or nine months. Without price control, it would have already been in operation.

The various forces behind the upsurge in unemployment — low profitability, lack of expansion of capacity, insufficient incentive to take on available labour — can be brought together in the statement that real wages are too high in relation to productivity. The accompanying chart, based on figures by Mr. John Fleming, which I have carried forward, is basically very simple. Real wages are assumed to be appropriate at the beginning of 1973; and the excess percentage (it is an amount not an increase) is simply the difference between the real wage made possible by the trend growth of productivity and the actual terms of trade,

and what was in fact paid. The marginal effect of the Heath-Healey price controls on profit margins is an important reason, although not the only one, why use more extensively existing labour, which firms were discouraged from firing during the recession.

The July unemployment figures nevertheless are extremely puzzling. The structural features I have been discussing can explain why unemployment should be so high, but not why it should be rising during an economic upturn. Moreover, the chart suggests that the excess element in real wages is declining, which ought eventually to be helpful for unemployment.

The trend of unemployment has been peculiarly difficult to discern this year. After rising the year before, the July figures by over 40,000 a month last winter, the rise in seasonally adjusted adult unemployment fell back to a trickle of 5-10,000 in the spring. But in July the rise accelerated again to 38,000. Some 10,000 of this may be due to an especially large number of students leaving full time education, who may not be allowed for in the seasonal correction. But even after taking this into account, the July rise is a mystery.

The official view is that the real cause for surprise was that the spring rise in unemployment was so low, given that the upturn was in its early stages, and that unemployment is a lagging indicator. Taking the whole of this year, unemployment has risen less than expected.

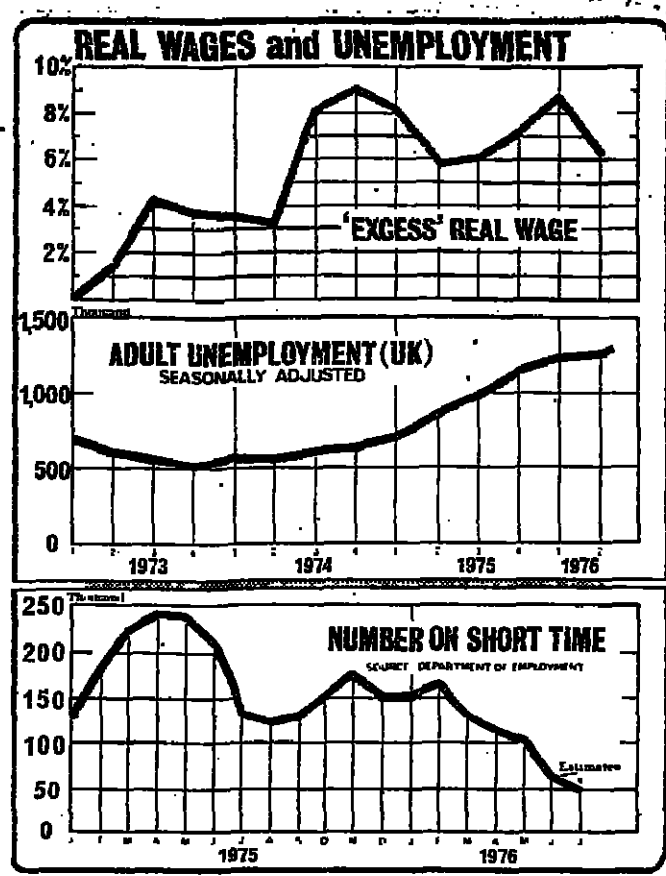
One reason for suspecting that the July figure is a freak and that the underlying demand for labour has turned upwards has been the continued decline in the number on short-time shown on the chart. The Department of

Employment's regional soundings suggest that overtime is rising. Thus the first reaction to economic recovery has been to use more extensively existing labour, which firms were discouraged from firing during the recession.

The somewhat fragile explanation of the July unemployment figures can be under-planned by arguments for expecting a pronounced upward trend in output. Mr. Denis Healey has indeed publicly announced an upward revision from 4 to 5 per cent. of the Treasury's 1976-77 growth forecast.

This more optimistic view of the outlook is not confined to the Treasury. The CBI Monthly Trends Enquiry has shown a balance of firms reporting more orders by value, which has been increasing in every month from December last to this June. Similarly, the expected volume of new output has been rising in every monthly Enquiry over the period. The European Industrial Federation, have all revised their forecasts upwards; and they are now expecting an import growth consistent with their export hopes, which they were not before. The CBI relief, thus reinforcing the view that we cannot buy a more generous Budget by means of incomes policy and that we cannot cut taxes without cutting spending.

But for those people who still believe in discretionary "demand management" — as Mr. Healey boasted that he did at the time of the last Public Expenditure White Paper — the present seems an odd time to us crystal-gazing arguments correct any error in the April about domestic resources, un- Budget. Without the pressures convincing to their own official from the foreign exchange authors.



Excess real wage (top graph) is above what is justified by productivity trend and actual terms of trade movement. Based on calculations by J. Fleming, in Catch '76, IEA, 1976.

n-decision steel

The question of develop- ment of Port Talbot and the of Shotton has become emotional issue that it is to get back to the real situation. The truth matter is that there was my need to associate a development at Port with closure of steel at Shotton.

71 the then board of the Jls division of the British Corporation put forward recommendations for a five policy of improve- ment of modernisation of each four major strip-mill Port Talbot, Llanwern, and Ravenscraig. This he right policy to follow. These works should as an integrated plant own iron and steelmak- with one wide strip mill site. There is little of scale to be gained by two wide strip mills on site or by taking steel capacity beyond a level 3m, or 4m, tonnes per on one plant.

upens that the existing mill at Port Talbot from certain technical s and there is conse- a strong case for this mill with a more design giving a higher ht and better shape. There is also a strong installing a continuous ant to supplement the obbing mill. There is hatever at the present ver, for increasing the g capacity beyond tonnes per annum or in a very costly 10,000 day blast furnace. The untrite to suggest, mited development at it, which is now pro- ur. Varley, represents, sition, coke ovens and sinter already under con- with two existing rised blast furnaces d 5), and with the modern basic oxygen plant. Port Talbot VAT referred to by Mr. J. Arnold (July 19).

The Customs and Excise view that it is collecting VAT at every stage of the manufacture and distribution of a product was ended overnight by the single. The Accountant on March 18 last. Possibly 90 per cent. of the present administrative effort of Customs and Excise is wasted on monitoring transactions which yield no tax. The situation could be ended overnight by the single. A new medium VAT oxygen steelmaking be paid by one registered busi- ness to another, exactly as was the case with purchase tax.

The results of this elementary procedural change would be remarkable. At least 6,000 fewer civil servants would be required to administer the tax, saving over £30m. a year. Since tax payable on transactions between registered businesses would no longer be at risk VAT evasion would be reduced by about £90m. a year. Customs and Excise has no means of controlling the collection of VAT from over 500,000 small retail businesses, and can only guess at the amount due from them. The use of simple accounting controls would pro- duce about £10m. a year, while further rationalisation of col- lection procedures would produce about £20m. a year. In addition to these there is the cost to industry and commerce of keep- ing completely up-to-date records which has been estimated to be in the region of £300m. a year.

As Mr. Arnold says, the real VAT evasion is taking place not in the business world but in HM Customs and Excise. Some of the above facts were submitted to that Department as long ago

Letters to the Editor

Industries clearly pointed towards this. The marvellous industrial relations record and consistent output and profit- ability of Shotton in times of adversity have earned this works the right to suching professionals it has successfully prevented the truth about VAT from becoming known for over two years since none of the MPs or newspaper editors who have inquired into the closure of north Wales and north west England. You are sympathetic about the impact of 6,500 steel job losses (and an additional 2,750 job losses in related industries) — these would do damage without parallel since the 1930s to an extremely vul- nerable region. The Government and British Steel Corporation must weigh the cost of closure at Shotton against the cost of establishing a new, integrated steel complex. Mr. Varley's decision clearly implies that modernisation would save the region from devastation and recognises the continued need for Shotton steel.

The delay in reaching a decision is the responsibility of BSC. Its attitude has been obdurate despite substantial evidence to support new investment at Shotton. For instance, inde- pendent consultants have stated that Shotton could be developed into a major coastal steelworks (via Morpeth Dock) at no capital cost to BSC — why has this been ignored by their strategists?

The Government now expects an impartial analysis by the Corporation and we are con- fident that a final decision in favour of modernisation of steel- making will be made within a few months. Further delay would damage the region and the steel industry. It now only remains for BSC to admit that its original strategy is outdated and Shotton's steel is needed.

Clevedon County Council, Mold.

Insuring the benefits

From Mr. P. Giles.
Sir, — It is curious that Mr. Reoch (July 20) should reject the two reasons I gave for insur- ing the benefits of a pension fund, backed as they were by a crashing example. Mr. Reoch may feel that some pension scheme trustees can resist pressure to invest with other objects than the best interests of the members: it is proved that other trustees cannot. It must be an advantage of insurance that it shields them from such pressure.

Again, the attainment of a yield which is very good in deed "is a matter of acceptance of risk. Insurance offers the man- aged fund approach as well as the with profit policy approach, the former accepting more risk than the latter but both avoiding the consistently poor yield achieved by a fund managing its own investments in the manner of the London Co-op. The two reasons I gave are proved to the hilt, but of course welcome Mr. Reoch's agreement that there may be "other sound reasons why a scheme should be insured" in addition.

Philip Giles, Cragsforth House, Strirling.

Power of the Customs

From The General Secretary Customs and Excise Group, Society of Civil and Public Servants.
Sir, — At last the truth is out. The letter from T. G. Arthur (July 16) at long last expresses what many of my members have thought for a long time to be the true reason for the campaign against the powers held by Customs and Excise officers.

Mr. Arthur seems to argue that as VAT is an unfair tax traders have every right to avoid paying it. What a frightening proposition. He seeks to justify VAT evasion by saying that traders would make better use of the money than the Chancellor of the Exchequer and because, in his opinion, this is the case he justifies contempt for the law however democratically that law may have been arrived at.

I believe that the great majority of people in this country are prepared to abide by the laws as decided by Parliament and that my members, as civil servants, are expected by the community to enforce those laws. If Mr. Arthur believes VAT is an immoral tax he should seek through the normal democratic processes to change it and not seek to encourage fellow-traders to evade it. What kind of society would it be if everybody took the stance of Mr. Arthur and refused to abide by any law with which it did not agree?

The community at large may very well believe that it is just as well that Customs officers have the powers that they do while people with similar views. Leslie Christie, 153 Fleet Street, E.C.4.

Design and industry

From Mr. F. Towler.
Sir, — May I with appropriate modesty, contribute to your discussion of design and industry, so ably promoted by the eminent correspondents in your issues of July 12 and 16.

Let us consider a specific ex- ample, the design of a perfect seat-belt for motor cars. Lovely to look at and lovely to wear, legally and mechanically blood- ing, subject to automatic release one second after impact or col- lision, and manual release by pressing a red button on the dashboard, within easy reach of the wearer. A seat-belt which would help to sell the motor car and barely need enforcement by legislation.

What are the essential quali- fications of the designer of such a belt? He must realise that beauty is not only in the eye of the beholder, but in the com- fort and relaxation of the wearer. Therefore, he must have the eye of an artist, the wisdom of a philosopher, a knowledge of science combined with the skill of a mechanic; recognising that engineering is not an exact science but an art which embraces all learning.

Can we expect to find designers of this calibre if we treat them as draughtsmen — paid to invent? F. H. Towler, Dob Park, Otten, West Yorks.

No limit on rent rises

From Mr. A. Weitzman.
Sir, — Rent officers are making nonsense of Government policy and efforts to curb inflation. While there is a limit to wage increases and a price check on essential foods and other con- sumer goods, there is no limit on rent increases.

Until recently, the rent for my flat was £550 p.a. The landlords asked for a 100 per cent. increase to £1,100. The rent officer has fixed a "fair rent" of £1,000.

Has the Prices and Incomes Board no say with regard to rents? The Government should make it clear to all who in- fluence or dictate what rent we must pay that they have a duty to consider what they are doing to the national economy and the fight against inflation.

Adrian Weitzman, 14 Monarch Court, Lifford Road, A.2.

To-day's Events

EC Council of Ministers discusses Community budget, Brussels.
Price Commission quarterly report for March 1-May 31.
PARLIAMENTARY BUSINESS
House of Commons: Statement on public spending cuts; Rent Association of Probation Officers.

on is ed

Mr. Lydney, Glos.
ed
Executive.
Council.
increasing sup- view that a medium- steelworks like needed to secure sup- ent users.
ent evidence given to on Commons Select on Nationalised

Evasion of VAT

From Mr. J. Holland.
Sir, — Your readers might be interested to learn of the magni- tude of the unnecessary cost of VAT referred to by Mr. J. Arnold (July 19).

The Customs and Excise view that it is collecting VAT at every stage of the manufacture and distribution of a product was ended overnight by the single. The Accountant on March 18 last. Possibly 90 per cent. of the present administrative effort of Customs and Excise is wasted on monitoring transactions which yield no tax. The situation could be ended overnight by the single. A new medium VAT oxygen steelmaking be paid by one registered busi- ness to another, exactly as was the case with purchase tax.

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As Mr. Arnold says, the real VAT evasion is taking place not in the business world but in HM Customs and Excise. Some of the above facts were submitted to that Department as long ago

A drift of salesmen

From Mr. P. Baines.
Sir, — One important point that has been overlooked in the recent correspondence on the Life Offices' Association commission proposals is their effect on the life assurance salesman. It is accepted in the industry that life assurance is sold rather than bought, so the role of the sales- man is of great importance. If he can earn more money by being a direct salesman with a life office than by working for an independent broker, he must surely be tempted to change his employer accordingly.

Human nature being what it is, it is probable that there will be a drift of salesmen from brokers to direct-selling life offices, and it is difficult to see how such an outcome accords with the L.O.A.'s stated desire to see that a member of the public is sold a policy which genuinely accords with his needs, rather than the salesman's desire for financial reward.

Peter Baines, 28, Leighton Road, Cratley, Sussex.

The Northern Trust Bank

The Northern Trust Company • Established 1889 • Member F.D.I.C.

CONSOLIDATED STATEMENT OF CONDITION

June 30, 1976

ASSETS	
Cash and Due from Banks	\$ 525,233,000
Securities:	
U.S. Government	552,775,000
Federal Agency	6,643,000
Obligations of States and Political Subdivisions	299,905,000
Other	15,372,000
Trading Account	114,439,000
Loans:	
Federal Funds Sold and Securities Purchased under Agreements To Resell	177,325,000
Other Money Market	457,805,000
Other Loans	1,224,328,000
Reserve for Possible Loan Losses	24,116,000
Direct Lease Financing	23,321,000
Buildings and Equipment	85,842,000
Other Assets	87,666,000
TOTAL \$3,526,538,000	
LIABILITIES	
Deposits:	
Demand	\$1,023,303,000
Savings	759,415,000
Other Time	362,557,000
Foreign Offices	631,892,000
Total Deposits	\$2,777,167,000
Federal Funds Purchased and Other Borrowings	407,295,000
Accrued Taxes and Other Expenses	59,148,000
Other Liabilities	26,337,000
6.75% Notes Due March 1, 1980	30,000,000
8.30% Note Due February 15, 1984	20,000,000
STOCKHOLDER'S EQUITY	
Capital Stock — \$20 Par Value	\$ 66,000,000
Surplus	74,000,000
Undivided Profits	41,591,000
Reserve for Contingencies	25,000,000
Total Stockholder's Equity	\$ 206,591,000
TOTAL \$3,526,538,000	

The Northern Trust Company
Wholly-owned subsidiary of Nortrust Corporation
Main Offices: 50 South La Salle Street at Monroe
Chicago, Illinois 60675 (312) 630-8000
Banking Corner at the Northern Building: 125 South Wacker
at Adams, Chicago, Illinois 60675 (312) 476-5000
Bond Representative Office: New York
International Offices: London, Hong Kong, Cayman Islands

The Northern Trust International Banking Corporation: New York
Northern Trust Interamerican Bank: Miami
Wholly-owned subsidiaries of The Northern Trust Company

NEW
lines—8
20p

Scottish & Newcastle expansion plans

THE UNWILLING to vehicles and equipment and the improvement of the licensed estate together with further loans to customers in support of the free trade.

In the current year it is hoped to start the building of a new depot at Dundee as well as the improvement and enlargement of other depots. The group is making a major investment in computer equipment, reorganising part of the wine and spirit distribution system as well as increasing output and warehousing at the distilleries.

Mr. Balfour says that the greater part of future investment is concentrated with the renewal and extension of packaging systems at the main production centres. An examination of problems involved has shown that they will require more radical solutions than the group had previously thought. The resultant changes are likely to affect the pattern and shape of the company for the next 15 to 20 years, and will therefore be a long-term project.

Once a capital programme has been lost, it takes time to get it again, and the effects seen to invest now will be felt for at least two years.

Balfour points out that the next few years he expects an increasing rate of expenditure of some 10% on new commercial

A group funds statement shows that there was a net inflow of cash funds of £23.78m, during the year (£15.75m outflow). Cash at May 2 totalled £28.94m, comprising Treasury bills £12.1m, certificates of deposit and eligible bills £10.38m, cash at bank and in hand £4.23m, and sums on deposit £217,000.

In the year ended May 2, 1976, group pre-tax profit expanded from £22.75m to £30.94m, on a turnover up from £248.94m to £300.72m. Without the price increases made in the past two years the group would now be running at a loss, the chairman points out.

The report reveals that a payment of £28,000 was made during the year as compensation for loss of office. This went to the former director Mr. Henry Porter who retired early at the end of last year. He was also chairman of the group's operating company Newcastle Breweries.

The annual report includes a statement of employment. This analyses by division and geographically the numbers employed; spells out the trade unions recognised by the company; refers to the state of industrial relations in the company; and staff training.

Meeting Edinburgh, August 19 at noon.

Chairman's statement, Page 23

High interest rates hit Union Discount

PROFITS of the Union Discount Company of London in the first half of 1976 show a reduction compared with the same period of 1975, report the directors in their interim statement.

In the opening months of the year the company operated in very profitable conditions but, as a consequence of the sharp rise in interest rates, these were not maintained.

And despite an early reduction in the size and life of the portfolio, first half profits were down, members are told.

The net interim dividend is unchanged at length to the total of 1975 was 17.18p paid from net profits of £3.07m.

Managing director, said later Mr. Richard Petherbridge, senior managing director, said later yesterday that despite the sharp contrast in trading conditions between the first and second quarters, good profits were made in the half-year.

He explained that the extremely profitable first three months were a result of anticipating the sharp fall in interest rates and the decision to lengthen the portfolio to begin the new year with the largest possible book. Turnover in Treasury bills in the first quarter, was £3.5m.

However, in the second quarter MLR rose 2.5 per cent in one month. There was a time when a rise like this in interest rates meant that the company would have to draw on reserves, said Mr. Petherbridge.

He has learnt from the past and this is no longer necessary. Recently we have for the most part anticipated such rises and having positioned our book accordingly have found that we can recover the immediate losses quite quickly.

"Naturally it takes longer to begin to make profits again. Such has been our experience in this second quarter," explained the managing director.

Statement, Page 20 See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings in the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends are likely to be declared or the sub-divisions shown below are based mainly on last year's results.

TO-DAY

Interiors: Bertrams, Cardinal Interiors, The Derby Trust, "Investment in Success", Bonhams, Vyle Cane.

Finance: Burt Boulton, Commercial Bank of Australia, Barry International, Globe and Phoenix Gold Mining, Great Universal Stores, J.C.E.G., Morgan Edwards, Peterborough Motors, Seale Sugar Estates, P. H. Jenkins, Western Board Mills, Wheeler's Restaurants.

FINANCIAL DATES

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Wiggins Teape back in profit

FOLLOWING a loss of £1.32m, in the second half of 1974-75 Wiggins Teape came back to profit in the first 36 weeks of the current year with a pre-tax balance of £4.68m. This compares with a profit of £10.19m, in the same 1974-75 period.

After tax and minorities the balance attributable emerges at £1.56m, against £2.13m. The company is a subsidiary of British-American Tobacco, which yesterday reported net attributable profits up from £22m to £27m, for the half-year.

First-half 1975-76 1974-75

Turnover £129.1 148.4

Trading profit 138.9 148.4

Investment income 0.3 0.7

Making 139.2 149.1

Interest paid 1.0 1.0

Profit before tax 4.68 10.19

Taxation 2.81 6.84

Minorities 1.33 1.51

Attributable 1.56 2.13

The tax charge comprises: U.K. at 32 per cent, £0.88m (£4.15m.) and overseas £2.45m (£2.45m.). The tax charge is disproportionate as a result of losses incurred overseas which are not capable of immediate tax relief.

The amount retained in the year to September 27, 1975 was £0.3m. It is estimated that the amount to be set aside in respect of the half-year to March 27, 1976 is £1.5m.

Results of International Stores (another BAT offshoot), for the 26 weeks ended March 27, 1976 reveal a sharp reduction in profits from £1.2m to £0.38m, as a result of £0.82m (£0.74m) turnover was up from £130.8m to £144.68m.

Conditions were worsening up to the half year and gradually improved since, says the chairman. This trend is still continuing and the dividend is therefore increased by the maximum permitted to 5.3875p net.

The traditional games and puzzles business showed a substantially improved results throughout the period, while the plastic packaging company ran into special difficulties in addition to the generally dull trading conditions.

Steps taken to counter these difficulties are proving effective and if this business can be sustained in health, the effect on profits will be material.

During the year £33,000 was spent on land and buildings and £701,000 on plant and motor vehicles. Six of such items cost £137,000 (£119,250) per 25p stock attributed £31,000 leaving a net unit.

Chairman's statement, Page 20

Reports to meetings

Following are extracts from statements to their meetings.

Mr. T. Kenny, Chairman of the National Union of Journalists, said that the June 30 were "comparable" of the same year, and orders had appreciably.

Trend continued—and test it will then be port favourably next.

Benell Group, which in the manufacture of machinery, was in the port for development.

Corporation—Sir Eric reported that the first half of 1976 was better than in the period last year.

Prices and incomes to its restoration next but he gave no assurance made no forecast.

He commented on taking place with agencies in Malaysia since to the new policy.

He said Guthrie year would show an increase

Berhad had announced that the foreign investment Committee of the Malaysia Government in Kuala Lumpur had approved in principle a reorganisation of the trading and engineering interests in Malaysia.

Alfred Clough—Mr. E. H. Marley told shareholders that turnover for the first quarter had increased from £17.7m to £23.3m, while the second quarter was likely again to show a rise.

For the full current year turnover was running at around £10m-£11m, and the aim was to be selective to the most profitable markets.

The year was expected to be difficult, but aided by new management, reinforcements and plan for product rationalisation, he believed that future years would bring increasing profitability.

Harrisons and Crossfield—Mr. F. Gilchrist revealed that the business as a whole was expanding at a good rate last year and an accelerating upward trend was discernible. Capital expenditure continued at a high rate.

Altogether, the business was in excellent shape and the Board was alert to opportunities and ready to seize them wherever they are. Expansion of all aspects of the company over the past year had been "confidently expected to continue."

H. Samuel—Turnover so far in the current year was ahead of the comparable period, and anticipated profits for the full year would show an increase

Waddington to improve gradually

The directors of John Waddington took forward to a gradual improvement of trading conditions and believe the group is well placed to take proper advantage of any change, reports the chairman, Mr. R. E. Chadwick.

As reported on July 8, pre-tax profits came to £1.74m, against £2.42m, for the year to March 28, 1976, from £0.82m (£1.51m) for the first half.

Conditions were worsening up to the half year and gradually improved since, says the chairman. This trend is still continuing and the dividend is therefore increased by the maximum permitted to 5.3875p net.

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Chairman's statement, Page 20

Outlook at Daily Mail Trust

IN THE present unsettled conditions, with restrictions on both dividends payable and receivable, the directors of Daily Mail and General Trust "will watch carefully the quality of the portfolio, endeavouring at all times to improve our revenue," states the chairman Viscount Rothermere.

As reported on July 14, net profits rose from £1.35m to £1.45m in the year to March 31. The dividend for the year was permitted 10.404p (8.565p) net.

The company concentrated during the year on securing the good yields available from the best equities and investments. Lord Rothermere tells members.


Despite dividend restrictions, revenue from the UK portfolio increased by £1.1m, and the overseas counterpart also showed

Electra Inv. earnings up

First quarter earnings of Electra Investment Trust increased from £380,000 to £385,000, after tax of £344,000 (£321,000). Gross revenue amounted to £1.05m.

For the year ended March 31, 1976, gross revenue totalled £3.78m, and earnings came to £1.32m.

Investments at June 30 stood at £61.63m (£64.35m, at March 31, 1976). Net assets amounted to £27.44m (£28.32m)—equal to £117.5p (£119.25p) per 25p stock.



CSR Limited's profit nears US \$50,000,000

CSR Limited

CSR Limited is pleased to report a record after tax consolidated profit of US \$49.9 million (equivalent) for the year ended 31 March 1976. This was achieved despite a year of sluggish economic activity within Australia and of general depression in international trade. Group debt raising of US \$125 million was augmented by a US \$50 million share issue to finance growth plans.

	1976	76 on 75
	US \$ million	% change
Gross sales	1729.1	+17.4
Profit after tax	49.9	+10.3
Issued capital	148.9	+20.0
Total assets	1331.5	+19.5

Sugar


Sugar activities were again the largest contributor (US \$19.2 million) to total profit. The amount of raw sugar produced in Australia was a record despite excessive rain in many areas. World sugar stocks remained tight and the market was generally firm.

Building and construction materials

Despite some remaining softness in the Australian market, profit was US \$12.7 million, 60% up on last year's result. Cost control, some price increases and product rationalisation were the contributing factors.

Minerals and chemicals

Minerals and chemicals activities contributed profit of US \$14.5 million. Some reduction in profits from iron ore and bauxite/alumina was more than made up by increased profits from coal.



CSR Limited
1 O'Connell Street
Sydney, Australia 2000.

Exchange rate: 14/7/76 \$A1 = US \$1.23

COURTAULDS

From the Statement by The Chairman, Sir Arthur Knight, at the 63rd Annual General Meeting on 21 July 1976

The Chairman paid a personal tribute to his predecessor Lord Arthur Knight, whom he had worked closely since his own appointment to the Board in 1958.

The appointments, already announced, of two new executive directors—Mr. J. A. Nightingale and Dr. G. B. Turner—and two non-executive directors—Mr. J. A. Gardner and Mr. G. J. H. Jones—were confirmed at the meeting.

Mr. Nightingale, now 50, has played a major part in developing the Group's filament weaving interests and is currently Chairman, Samuel Courtauld & Co. Limited. Dr. Turner, also 50, joined Courtaulds in 1942. He became Chairman of British Celanese Limited in 1975 and is also responsible for some of the Group's manufacturing activities.

Mr. Gardner is Chief Executive of The Laird Group Limited, and Mr. Wilkins is Chairman and Chief Executive of Becham Group Limited. Their broad experience in other industrial fields add to the considerable value to the Board.

The two retirements from the Board already announced were those of Sir Charles Villiers, shortly taking up the appointment of Chairman of the British Steel Corporation, and Mr. A. P. Field, who has been with the Group since 1930.

In March Mr. N. H. Smith and Dr. N. S. Wooding were appointed Deputy Chairmen.

Port and Accounts

World sales in money terms were only marginally higher than in the previous year. Profit after tax attributable to ordinary shareholders was down to £26.7m.

The reported final dividend was 4.43p per 25p Ordinary Share, equivalent to a gross dividend of 6.57p making a total of 96p for the year. This was 10% higher than for the previous year, maximum allowed under present legislation.

In the textile and fibre areas of the business two preoccupations have been dominant—first, to cope with a recession which proved more prolonged than expected; and second, to continue despite the recession with long-term development.

The adverse effects of the recession were felt worldwide. In the purchases of textiles were reduced, the effects on sales volume were more marked with primary products than with consumer goods. Prices of imported products were at levels which made it impossible to increase prices to the extent necessary to cover increasing costs, not to speak of increasing profit margins to a level needed by the falling value of money. Imports maintained their share of the market. In 1975 some 800,000 tons of textile ducats went into the UK textile system. Imports of man-made fibres, textile products and made-up goods accounted for two-thirds of the figure. Excluding supplies from the EEC, imports of 40% of the UK market as against the US market where they came for only 10%. The corresponding figure was about 20% in France.

The recession had serious effects on profits in France and the A.

To provide for the development of the business in these countries had called for a reassessment of all its plans. Some painful decisions had been required to conserve cash or to use cash to support the future development of the business as a whole. The capital investment programme had continued, as had recruiting and training people to operate new plants and to sell output.

Group exports for the year were £2.8m, as in the previous year, which placed the Group sixth in the list of British industrial exporters.

General Survey of the Group

The past business has had a remarkable success culminating in record trading profits of £15.5m. Further development rests upon a whole range of investment and commercial plans justifying the expectation of continuing growth.

The Group's packaging interests relate mainly to the manufacture of Cellophane and plastic films and their conversion into packaging materials. The recession hit British Cellophane Limited severely, though not so much as competitors. Expansion plans include further increase in polypropylene film capacity, based on successful development work. The successful non-woven fabric activities of British Cellophane are also being expanded.

In recent years these major non-textile activities in the UK and overseas accounted for some 30% of the Group's investment, sales and profits. Last year they contributed one-third of trading profits. This reflected the particularly depressed conditions in fibres and textiles.

Fibres and textiles in the UK account for about two-thirds of total capital employed by the Group and in the past four years of heavy capital expenditure the Group has taken 75% of cash spent. About 100,000 are employed in these activities of the £50,000 or so employed in the UK industry as a whole. Although large, the Group has no dominating position overall.

The range and balance of the fibre activities differs from those of major competitors. In the next year or two the Group's performance will depend especially upon its 50% share in Courtaulds, upon acetate, and upon viscose staple. Increased Courtaulds capacity will come into operation in the coming months. Increased production from the related worsted spinning was also under way. Courtaulds acrylic fibre process is highly competitive. In acetate fibres the Group expects to capture a bigger share of the market and capital is being spent to rehabilitate the largest factory at Spondon near Derby and to reduce costs. Viscose staple capacity at Greenfield has been reduced. Courtaulds is a low cost viscose producer. Substantial stocks have been built up in the recession. An increased share of the world market can be expected. Higher cotton prices should help.

In nylon and polyester the Group accounts for a smaller share of available capacity, but at present a high proportion is consumed within the Group. Market prospects for both fibres are dominated by the large excess capacities in the industry.

The Lancashire-type Spinning Division is nearing the end of its modernisation programme. As a result of increased output from modern equipment and the closure of others of older uncompetitive plants, the Group now accounts for 50% of the UK output of yarns of this type as compared with 30% ten years ago. One encouraging indicator of progress lies in the Spinning Division having exported for some months now about 20% of output—a welcome return to a role which Lancashire had lost.

Total investment in fibre activities is now about two-thirds of that in fibres and related activities. This position in the main of the most modern equipment. In some areas productivity has not yet reached the levels necessary to ensure viability, though there has been progress. In other areas export performance is a sufficient indicator of competitiveness. In recent months 45% of filament weaving sales have been for export, and even in the difficult conditions of 1975 a profit was made. Success in bringing existing and

planned capacity for knitted and woven fabrics into full and profitable operation will depend too on design and commercial management.

The investment in consumer products is much smaller. The household textile activities have established a good market position. The low costs which the new Campsie sheet mill is designed to achieve will enable markets to be opened up worldwide, adding substantially to the Group's sales in this field.

The Group's garment activities account for about 10% of the UK industry. Investment projects have yet to be completed and a major effort is in hand to improve productivity. The Group is much concerned with prospects for the garment industry since garments account for nearly half of UK fibre consumption.

The high level of imports in this sector has had a serious effect. The garment sector, in common with the rest of the industry needs the encouragement to investment and productivity improvement which would result from suitable changes in the international trade arrangements to regulate imports in textiles. This should be a major consideration in the minds of the UK and other EEC governments in preparing for the negotiations next year.

Courtaulds has a well-equipped fibre and textile business with proven success in a number of areas and the prospect of profitable expansion through using to the full existing and new capacity. The long-term future of interests overseas is also in general well-based.

Immediate market prospects in the UK are not encouraging. The Government have said—understandably—that the real standard of living cannot increase for some while. Stocks in the system are increasing. The Group can expect to continue here and there to increase its market share as a result of the disappearance from the market of competitors who cannot survive. But this is at best a slow process—and will be prejudiced to the extent that Government provides the cash for others to survive and undo the beneficial effects of Courtaulds investment and management efforts.

With such limited domestic growth prospects the emphasis will continue to be put on expanding exports. This includes strengthening the sales organisation world-wide—especially in Europe, the USA and the Far East. The Group already exports one-third of its UK output. Over wide areas of the business the aim is to export 50% of the expanded output when all new plants are in full operation.

In Australia, fibre manufacture has proved not to be viable and the management of Courtaulds Hilson decided to close the Tomago operation—and others—in order to concentrate on the manufacture of fabrics and garments. Courtaulds arrangements for selling from the UK into Australia are accordingly being reorganised.

Liquidity

The Report & Accounts showed that in financing investment and the increase in working capital, cash balances had been run down by £74m. The year-end net cash balance was £75m, reflecting the Group's "best" position because so many companies have balance sheet dates of 31st December and their end-March position would have worsened. Authorised capital expenditure at the beginning of this year amounted to £74m but more will be authorised so that capital expenditure during the year will be higher than this. Also with continuing inflation and despite tight financial control, more cash will be needed for working capital, especially with the envisaged expansion of sales. The sale of stocks

built up may help, but it may well become necessary in the year further to increase borrowings.

The arrangements announced at the last Annual General Meeting for sterling medium term loan facilities from a number of groups of banks, amounting in total to some £80m have recently been renegotiated and the facilities increased to over £750m.

People

Whatever the strength of the financial resources, however, the Group will ultimately survive only if each part either contributes cash to its further growth or shows a reasonable prospect of doing so. In the Directors' Report reference is made to the redundancies necessary last year as a consequence of closing parts of the business which had been a drain on cash resources and showed no prospect of sufficiently rapid improvement.

"Job security is much discussed," Sir Arthur continued, "but the survival and growth of the Group can never mean the survival of every single part of it. We aim to retain jobs in activities which are or can become competitive and to find the cash to create new jobs through investment. To do this we cannot continue to let cash drain away in activities which have no future, and this sometimes means redundancies. These are painful for all involved. Because change is necessary for survival and development, job security for all at all times is an unattainable ideal."

"My colleagues and I believe that the employees as a whole, and this includes us as managers, have more in common to unite us than to divide us. And that this common interest marches in step with the interests of shareholders and of the nation. We think that for this to become apparent to all, management must be based on the fullest practicable disclosure of facts which relate to success or failure. All of us in management will be giving a lot of attention to this aspect of our job," said Sir Arthur.

Prospects

Trading conditions have shown some improvement over those which prevailed in the last six months of the year just ended, but looking at prospects for the first half of the present trading year there is little likelihood of being able to report results any better than those for the first half of last year. Results in that period were still showing the benefit of profitable export contracts entered into at the beginning of 1974, whereas in the current situation it is proving difficult in many areas of the business to obtain increases in selling prices even to the extent necessary to cover increased costs—and this applies in both domestic and export markets.

In the current year too, start-up costs of new projects have to be carried. Interest charges on borrowing will be higher this year. But if the special factors influencing the reported results in the two periods are excluded, there is no doubt that current trading is better than it was, and the underlying trend is encouraging.

Improved results in the second half of the year are expected. The Directors aim to give a more precise indication in the interim statement in November.

Sir Arthur concluded: "We have come through the worst recession in the post-war period in better shape than any of our major international competitors. As a result of what we have been through there is generally throughout the organisation at all levels an increasing sense of realism about what is possible. We have modern plants and the opportunities for low cost production which these offer. We have an outstanding group of managers. We have the means to handle both our problems and our opportunities."

AE & CI LIMITED

(Incorporated in the Republic of South Africa)

Directors: H. F. Oppenheimer (Chairman), Dr. A. Spinks (Deputy Chairman), R. A. Richards, D. N. Marvin (Managing Director), R. A. Webb (Deputy Managing Director), Sir Keith Acutt, K.B.E., Alternate: Dr. M. G. M. Atmore, S. A. G. Anderson, G. C. Fletcher, M.C., F. J. R. Hillebrandt, Alternate: Dr. V. G. Cove, A. C. Munday, G. W. H. Rely, E. J. Smale, W. R. Stephens, G. M. Thomas, J. Ogilvie Thompson, C. F. Todd, W. V. van der Byl, J. P. Wapenaar, W. H. Wishart, D. J. Wood.

INTERIM REPORT FOR THE HALF YEAR ENDED 30 JUNE 1976

1. Trading results			
The Directors announce the unaudited trading results of the Group for the six months ended 30th June 1976 as follows:			
Year	First half 1976	First half 1975	First half 1974
R millions			
383.7	173.2	218.6	218.6
52.8	23.3	24.3	24.3
18.6	8.1	9.6	9.6
34.2	15.2	14.9	14.9
5.0	2.5	2.0	2.0
4.0	1.9	1.4	1.4
0.7	0.4	0.4	0.4
0.3	0.2	0.2	0.2
29.2	12.7	12.9	12.9
33.5c	14.5c	14.8c	14.8c

* Because of the change in the basis of stock valuation at 31st December, 1975 to the LIFO method, profits for the first six months of 1975 have been adjusted so that the figures are comparable with those of the first six months of 1976.

2. Dividends
Preference dividend No. 76 at the rate of 5½ per cent per annum for the six months ended 15th June 1976 has been declared and paid.

The Board has decided to increase the interim ordinary dividend from 6.5 cents per share to 9 cents per share with the objective of bringing the interim and expected final dividends into line. The new ordinary shares to be issued in terms of the impending rights issue will not rank for this interim dividend but will rank pari passu with the existing ordinary shares for the 1976 final dividend payable in April 1977.

3. Comments
Group sales for the six months ended 30th June 1976 totalled R218.6 million, an increase of 26.2 per cent over the corresponding figure for 1975. Group profits before taxation for the half-year at R24.3 million showed an increase of 6.1 per cent over the 1975 figure of R23.3 million as adjusted for the changed basis of stock valuation. Because of the higher rate of company tax, Group profits attributable to ordinary shareholders at R12.9 million (1975 - R12.7 million) rose by only 1.6 per cent. Earnings per share have increased marginally from 14.5 cents to 14.8 cents.

The volume of Company sales, although significantly higher than the figure for the corresponding period of 1975, was slightly below that for the second six months of last year illustrating the continued low level of business activity and also the inability fully to meet the demand for nitrogenous fertilizers.

Profit margins have been eroded by continuing cost increases, a significant portion of which has been absorbed in terms of the anti-inflation manifesto. It is estimated that on an annual basis some R3 million of profits will have been lost on this account. Profits have also been adversely affected by the further operational problems on the Modderfontein nitrogen complex, to which reference has been made in previous reports. The problems, which are taking longer to resolve than had been expected, have largely been mechanical but none of them is of a fundamental or long term nature. It is believed that the performance of the plants during the second half of 1976 will continue to improve steadily.

Physical progress on the Richards Bay project of Triomf Fertilizer (Pty) Limited is on schedule and the plant is expected to be in use by the end of the year. Largely as a result of the Rand devaluations the estimated capital cost of the project has increased to R103 million including working capital. The two shareholders Triomf Fertilizer Investments Limited and AECCI are committed to provide R35 million of the capital for the project in the form of shareholders' equity loans by the end of August 1976 (AECCI's 49 per cent share is R17.15 million of which R9.5 million has already been subscribed). Present indications are that world phosphate prices will for a period be significantly lower than those which had been forecast when the project was sanctioned and the venture is thus likely to take longer to reach the predicted levels of profitability. This is not expected to have a material effect on AECCI's profits.

Work on the Complex project in which AECCI has a 60 per cent interest is proceeding on schedule. Indications are that the plants will be commissioned during the latter part of 1977 and that AECCI's share of the project (including working capital) should be within the R170 million previously reported. Prospects for the second half of 1976 will to a large extent depend on the state of the economy but, given the expected improvement in the performance of the Modderfontein nitrogen complex and in the absence of any major political or economic adverse factors, profits for the year should exceed those achieved in 1975. In this event it would be the intention of the Board to declare a final dividend of not less than 9 cents per share making a total dividend distribution for 1976 of at least 18 cents per share (1975-18 cents).

On behalf of the Board
H. F. OPPENHEIMER
D. N. MARVIN
Directors

Transfer Secretaries:
Consolidated Share Registrars Limited,
82 Marshall Street,
Johannesburg 2001
and
Charter Consolidated Limited,
P.O. Box 102, Charter House,
Park Street, Ashford, Kent
TN24 8EQ, England

Registered Office:
16th Floor, Office Tower,
Carlton Centre,
Johannesburg 2001

21st July 1976

H. Samuel

Record sales and profits for sixth successive year

Gilbert H. Edgar, C.B.E., F.R.C.O.G. (Hon), Chairman and Joint Managing Director, in his review of the year ended 31st January 1976 reports that turnover, including V.A.T., reached a new record level of £45,291,724, while profit before taxation increased 11½% to £8,398,152. This is the sixth successive year of substantial increases in trading.

The total dividend for the year is increased by 10½% to 5.3p per share, the maximum permitted under the counter-inflation measures.

Expansion continued during the year with the opening of 12 new branches and the purchase of seven important freeholds, as well as the enlargement of existing units. There was a considerable increase in stocks due to inflation and additional branches.

These activities have been financed entirely from the Company's own resources and are a measure of the strength of its liquid position. Additional branches have already been opened during the first four months of 1976.

Turning to future prospects, Mr. Edgar reports that turnover so far this year has been satisfactory and the result for the full year should once again be ahead of the previous twelve months. However, the comparison between the figures for the first six months of the current year and those for 1975 will be unrealistic, due to the effects of advance notice in the Budget last year of an increase in V.A.T., to take effect in May.

H. Samuel Limited

If you would like a copy of the Report and Accounts, please write to the Secretary, H. Samuel Ltd., Hunters Road, Birmingham B19 1DS.

MINING NEWS

Gold fall hits Canada's mines

BY MALCOLM DUMPHREYS

WHENEVER the recent setback in the gold price is discussed in regard to its impact on the shares of companies that produce the metal, it is always South Africa's producers that get most attention. This is obviously so because the Republic is still by far the largest supplier of the yellow metal in the free world, its mines producing over 700 tonnes last year.

But it should not be forgotten that other countries have gold interests, notably Canada which in 1975 was the second largest source of the metal with an output of 51 tonnes. Profit margins in the Canadian operations are more vulnerable to a low bullion price than those of South Africa owing to much higher labour costs.

New comes confirmation that Canada's gold-producing industry is feeling the pinch, with the chairman of the Gold Committee of the Mining Association of Canada, Mr. P. H. McCloskey, saying that several of the country's mines will close if the decline in the metal price continues.

He adds that the Madson mine at Red Lake and the Renegade mine at Mississauga, both in north-western Ontario, have closed in recent months and that "if the (gold) price stays where it is, there is no question that there will be more closings—especially of low-grade mines."

Interim reports soon to be released by Canadian mines are expected to show that many operated at a loss during the first half of this year, a situation borne out by the recent statement from the country's premier gold producer, Giant Yellowknife Mines. In the first four months of this year Yellowknife's cost of production per ounce was \$129.01, while the average price received was \$130.62, compared with \$170.19 for the same period of 1975.

On Tuesday of this week the bullion price fell to \$103.5 an ounce before ending that day at \$107.15, the lowest closing level since mid-December, 1973. Yesterday, it rallied to \$113.1.

KERR ADDISON

Canada's Kerr Addison Mines says that its second quarter earnings which are due to be released next week are better than the management expected. However, the executive vice-president, Mr. M. D. Rowsell, points out that the total for the first half of this year will still fall short of 1975 levels.

While the outlook beyond 1976 is reckoned to be good, Kerr

Addison remains affected by weak gold markets and an investment portfolio heavily weighted in base metals. A producer of gold, copper and zinc, with a potential uranium mine, the company had a net income of \$Can3.95m. (£1.13m.) last year.

Amax moves into timber

THE U.S. Amax mining and metals group has purchased more than 100,000 acres of timberland and a sawmill in northern Florida and in the Augusta, Georgia, area. The chairman, Mr. Jan MacGregor, says that this entry into the forest products industry is a logical extension of the company's long-term plans for the diversification of its natural resources.

Initially, Amax will confine itself to the sale of standing timber, the production and sale of lumber and the sale of pulpwood. Although there are no plans at present for involvement in pulp and paper production the company may contemplate joint venture opportunities in the future, he adds.

As reported here yesterday Amax earnings are now recovering in line with the general economic improvement and are expected to reach \$22.1m. in the first six months of this year compared with \$22.1m. in the second half of 1975 when the year's total was \$134.4m. London's Securities Trust has a stake of 5.57 per cent in Amax.

MINING BRIEFS

WITWATERSRAND NIGEL—June quarter: Net profit before tax of \$7.70m. (March quarter: \$4.19m.). Gold produced 1,081,119 oz. (March: 1,081,119 oz.). Capital expenditure \$21,643,000 (March: \$21,643,000). Development expenditure \$7.5m. (March: \$7.5m.).

RAND MINES—June quarter: Wesdacht Exploration—Working profit \$461,417 (March: \$461,417). Capital expenditure \$4,300,000 (March: \$4,300,000). Development expenditure \$1,300,000 (March: \$1,300,000).

ANGLO AMERICAN CORPORATION—Gold division sales output for June quarter: 1,081,119 oz. (March: 1,081,119 oz.). Capital expenditure \$21,643,000 (March: \$21,643,000). Development expenditure \$7.5m. (March: \$7.5m.).

East Asiatic Rubber outlook

Mr. Erik Petersen, chairman of East Asiatic Rubber Estates, tells members in his annual statement that during the year to March 31 rubber prices showed a very satisfactory improvement from the low level ruling at the beginning of the year, and it is hoped that prices will remain at a level throughout the current year.

Palm oil prices have taken the reverse trend, and the steady decline from the record year of 1974 continued during the greater part of 1975, however prices now seem to have stabilised.

It is felt that palm oil will be able to meet the competition from seed oils, particularly soyabean oil, and it is expected that Teluk Merbau prices will show a satisfactory result also for 1976, he adds.

As reported on July 2, pre-tax profits increased from \$536,153 to \$779,814 for the year ended 31st March, with a 2.58p to 3.73p net.

A professional revaluation of all assets of Pandang Melia Estate as well as Teluk Merbau Estate was carried out during January 1975 and the results were incorporated in the books on August 11, 1975. The surpluses amounted to £1,507,250 and £374,857 respectively.

Pergamon Press tops £1m. at midway

Unaudited pre-tax trading profits of Pergamon Press are in excess of £1m. for the six months to June 30, 1976, compared with the 1975 year's total of £619,000.

The directors consider these figures extremely satisfactory and are confident that the outcome for the current year will prove equally good. Pergamon Press is a private company controlled by the family interest of the chairman, Mr. Robert Maxwell.

APPOINTMENTS

Lord Armstrong joins "Shell"

Lord Armstrong of Sandhurst has been appointed a director of the "SHELL" TRANSPORT AND TRADING COMPANY from August 1. Lord Armstrong is chairman of Midland Bank and deputy chairman of the committee of London Clearing Bankers. Formerly he was Permanent Secretary of the Civil Service Department and head of the Home Civil Service.

Mr. D. J. Sen Gupta, assistant general manager (U.K. branches) of the BANK OF BARODA, has been appointed deputy general manager of the bank. He will be overall in charge of operations in Europe.

Mr. Harry Bradshaw, technical director of TUBE PRODUCTS, has retired after 45 years with the company.

Mr. David McCormack is to retire as managing director of the ALLIANCE TRUST COMPANY and the SECOND ALLIANCE.

Rank executive changes

Following the announcement this week that Mr. T. E. Chilton and Mr. J. E. Smith are to be chairman of a number of subsidiary companies, the RANK ORGANISATION has confirmed the following new appointments within the group.

Mr. Chilton, now executive director for Leisure Services and Hotel Companies, becomes chairman of Rank Leisure Services. Rank Hotels, Rank Advertising, Rank Film Distributors, Rank Pinewood Studios. He has been succeeded as managing director of Rank Leisure Services by Mr. R. J. Duffield, who until now has been managing director of Rank Film Laboratories. Mr. Duffield

will also be vice-chairman of Rank Film Laboratories.

Mr. J. E. Smith, now executive director for Industrial and Consumer Products, becomes chairman of Rank Audio Visual, Rank Film Laboratories, Rank Precision Industries and Rank Radio International. Mr. G. W. Brown has been made managing director of Rank Audio Visual, succeeding Mr. Smith. Mr. J. Daly has been appointed managing director of Rank Film Laboratories. Mr. R. A. Crichton-Miller becomes managing director of Rank Radio International in place of Mr. V. G. P. Weake, who continues as managing director of English Numbering Machines.

Wedgwood plans for expansion

ANNOUNCING THAT work was about to begin on £7.5m. expansion plans, Sir Arthur Bryan, chairman of Wedgwood, the fine china massware and pottery manufacturers, reported at the annual meeting that the company had had a quiet first quarter.

Sales for the first 13 weeks rose by 14 per cent from £10m. to £11.4m. but pre-tax profit would be considerably less than last year's £1,800,000, due mainly to the final effects of the depression in most of the important markets.

Business should improve steadily through the rest of the year, and Sir Arthur is still firmly of the opinion that 1976-77 will be another good year of progress.

Discussions with the Department of Industry for expansion at Barlaston, Precision Studios, the Johnson Brothers sanitary ware factory, and the William Adams and Mason's ironstone factories had been brought to a satisfactory conclusion and work was about to start on all these projects, the chairman announced. The cost spread over the next two years would be some £7.5m. The £1m. would make cash grants of about £1.3m., most of which would be payable during the first two years.

The decision to implement these plans had been influenced by the offer of assistance from the Government, but the decision for going ahead now at Barlaston was based on expectations of the recovery and development of the North American market. There was also a growing appreciation of high quality fine bone china and fine earthenware internationally, especially in Europe.

comment

Shares of Wedgwood fell 15p to 200p yesterday on the chairman's announcement of lower first-quarter profits and the £7.5m. expansion plans. However, orders in the pipeline indicate a strong recovery in the second quarter, while the full year, which will include about six months' sales of Coronation jubilee pieces, should bring a return to profits growth.

The expansion plans are a safe bet, being developments of existing operations, and the £1m. of Government grants come without significant strings attached because of Wedgwood's undoubted history of export sales. The company will have to raise £5.5m. over the next two years, but this should be well within its powers—net cash flow last year was £3.9m. and borrowings were a moderate 33 per cent of shareholders' funds. The yield of 4½ per cent is covered four times.

Laganvale loss-no new commitments

Dublin-based land developers, Laganvale Estate, incurred a pre-tax loss of £86,000 for the six months to October 31, 1975, compared with a loss of £108,200 in the previous comparative period. The deficit for the year to April, 1975, was £154,454.

First-half turnover was £193,052 against £154,042. The loss was struck after bank interest and charges of £33,375 (£23,170) and mortgage interest of £10,998 (£23,307).

Trading again proved difficult say the directors. Having regard to the high level of debt and rising interest charges, and the uncertainty as to property values, they are undertaking no new commitments and are endeavouring to reduce indebtedness by selling properties.

It is pointed out that the company is only able to continue with "the tolerant support of its bankers."

Having regard to the current position the borrowing powers clause in the Articles requires revision, members are told. Accordingly an EGM to consider such proposals will be convened at an early date.

CAPITAL ANNUITIES INTERIM SCHEME

Policyholders of Capital Annuities, the life insurance company which applied to be wound

up at the end of April, have been sent a letter from the special manager Mr. Paul Shewell. Coopers and Lybrand confirming that an interim payment of 70 per cent of amounts due will be paid. Details of the scheme have been finalised and payments can now be made.

But the Court is giving further consideration to the position of holders of Homeowner Annuity Plans—who took mortgages on their houses and purchased annuities with the company. A further letter informing these policyholders of the Court's decision will be sent shortly. But the 70 per cent cash payment is unaffected.

The hearing for the winding-up petition has been adjourned until July 28 and it is still not possible to say what will happen to the company or its business.

Pataling tops £1.7m. at halfway

TURNOVER for the six months to April 30, 1976, of Pataling Rubber Estates expanded from £4.52m. to £5.45m. and, after replanning expenditure of £196,000, against £155,000, pre-tax profits advanced from £1.47m. to £1.72m. The pre-tax surplus for the year to last October was £3.03m.

Six months	1976	1975
Turnover	£5,450,000	£4,520,000
Trade and other receivables	121	108
Other income	121	108
Replanning costs	196	155
Pre-tax profits	1,720,000	1,470,000
Tax	222	244

BUTTERFIELD-HARVEY

Record Sales & Profit

	1975-76	1974-75	Increase
Sales	£39.0m	£31.3m	25%
Profit before tax	£1,776,000	£1,504,000	18%
Earnings per share	5.91p	4.84p	22%
Dividend	1.910p	1.759p	9%

Points from the Chairman's Review by Mr. S. A. Roberts, C.B.E.

- * ... the Group again produced record results.
- * ... the Group traded well within its bank facilities and borrowings from all sources reduced by £324,000
- * ... the Group's diversity provided a considerable source of strength.
- * ... the overall outlook continues to be encouraging.

Copies of the Report & Accounts for the year to 3rd April 1976 may be obtained after 28th July from The Secretary.

BUTTERFIELD-HARVEY LIMITED
Villiers House, Strand, London W.C.2.

WESTON-EVAN GROUP LIMITED

W. P. Evans & Son Ltd.

Papermaking machinery and ancillary

Holgate, Fishwick & Leather!

Specialised equipment for papermills, plastics, and similar industries.

E. D. Warburton & Co. Ltd.

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Weston-Evans & Co. Ltd.

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Ernest Turner (Parax) Ltd.

Textile finishing machinery.

The Cherry Tree Machine Co.

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Callow Engineering Ltd.

Pneumatic and mechanical handling, storage equipment.

Tom Smith & Clarke Ltd.

Lifting equipment engineers.

Nim-Cor, Inc.

Specialised equipment for papermills, plastics, and similar industries.

Ober, Inc.

Precision and specialist engineers.

Brown Products, Inc.

Corrugated interior packaging equipment.

RECORD RESULTS AGAIN

* Profit increase (before tax and pension provision)	35%
* Turnover increase	18%
* Overseas earnings increase	24%

CONFIDENCE OF CONTINUED GROWTH

	1976	1975
Turnover	£10,119,147	£8,564,149
Group Profit before Tax	974,920	848,870
Group Profit after Tax	409,563	407,661
Capital Employed	3,640,932	3,321,384
Earnings per Share	7.6p	7.6p

Weston-Evans Group Limited, Avanti Works, Manchester Road, Clifton, Me

INTERIM STATEMENT



Points from the Interim Statement for the six months ended 30th April 1976

The Group made a profit before tax of £2,336,836 compared with £1,638,847 for the comparable period of 1975 and £4,033,039 for the year to 31st October 1975.

Statement by The Chairman Sir David Brown

Aircraft & Shipbuilding Industries Bill has still not yet reached a Statute Book and the state of uncertainty referred to in my previous statements still persists. Against this background the dividend growth in your Company's Turnover, Profits and Net assets is most satisfactory.

Throughout the two years since the Government announced its intention to nationalise the Shipbuilding industry your Directors have consistently expressed their opposition. The many problems which the Bill has encountered during its progress through Parliament reinforce my view that, at least in the case of the shipbuilding industry, the controversial legislation should be dropped in the long interests of the country.

Directors have also taken such legitimate steps as are open to them to secure some improvement of the grossly unfair compensation terms proposed in the Bill but the Government has remained firm in its insistence on basing compensation on hypothetical exchange share quotations of a period, now totally irrelevant, which ended nearly 2½ years ago. If these proposals become law, inevitable consequences will be the virtual confiscation of a large part of the assets of the Group.

Despite the uncertainties inseparable from the political and economic situation which make forecasting more than ever difficult, Directors expect that the profit for the year to 31st October, 1976, will exceed that of the previous year. They have therefore agreed to pay by way of interim dividend one half of the amount permitted by the Treasury for the full year and it would be an intention in the absence of unforeseen circumstances, to recommend a final dividend of a similar amount.

	Six Months ended 30th April 1976	1975	Year ended 31st October 1975
Turnover	£7,000	£7,000	£7,000
Profit before Tax	2,336,836	1,638,847	4,033,039
Profit after Tax	1,036,536	536,156	1,582,000
Dividends	124	90	228
Return to Fixed Assets	938	566	1,583
Dividends per share	17.20p	8.5p	32.85p

A SUBSIDIARY OF DAVID BROWN HOLDINGS LIMITED

CLEDON & LAMBERTS

CHANGED TO "DURAPIPE INTERNATIONAL LTD."

16th Annual General Meeting, Jones & Co. Ltd. whose was held on July 21st operations were satisfactory. The following are the results of the operations of Mr. J. F. Pearce, Chairman, for the year ended 31st March 1976.

Results have been successful. Sales have increased by 10% over the previous year. The company has been successful in its efforts to increase its turnover and to improve its profit margins.

At a subsequent Extraordinary General Meeting, the name of the company was changed to "Durapipe International Limited". The company has been successful in its efforts to increase its turnover and to improve its profit margins.

CAPITAL GAINS TAX

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Tokyo Pacific Holdings N.V.

Tokyo Pacific Holdings (Seaboard) N.V.

Report as of 30th June 1976 has been and may be obtained from:

Idring & Pierson N.V., 1206-214, Amsterdam.
Sal. Oppenheim Jr. & Co., Unter Sachsenhausen 4, 5 Köln.
Trinkaus & Burkhart, Königstraße 17, Düsseldorf 1.
Banque de Paris et des Pays-Bas, 3 rue d'Artois, Paris 2.
Banque de Paris et des Pays-Bas, 102 Boulevard Royal, Luxembourg.
Banque de Paris et des Pays-Bas, 102 Boulevard Royal, Luxembourg.
International Pacific Corporation Limited, 55 Pitt Street, Sydney N.S.W. 2000.

BIDS AND DEALS

Ruberoid acquiring Malit—and cash

Ruberoid, the building and paper products manufacturer, is making a £271,000 bid for Malit Securities, the investment trust from which Mr. Tony Buckley resigned as investment adviser in April.

Terms are four Ruberoid shares for every five Malit shares, with Ruberoid offering at 25p last night, is worth 21p a Malit share.

This is exactly in line with Malit's net tangible assets at July 19, the greater part of which are now represented by cash.

Ruberoid says the acquisition is a favourable alternative to either an equity placing or a rights issue, neither of which would be practicable at the moment.

Ruberoid's share price is barely above the par value of 25p.

There are separate offers for Malit's £205,548 of convertible loan stock, which subject to becoming unconditional, will be swapped for some nominal amount of Ruberoid 10½ per cent. loan stock.

The directors of Malit have accepted the offer in respect of their 2 per cent. holding of the company, as have holders of a further 28 per cent.

Mr. Tom Kenny, who is chairman of both Ruberoid and Malit, has participated in discussion but has not taken part in the vote of approval.

In December, Lubok Investments sold its 28.6 per cent. holding in Malit for a share of the company, which was valued at the time to have been placed with private and institutional investors.

The Malit's net worth has fallen from 29p a share to 21p—equivalent to £150,000—since October, 1975. Mr. Kenny attributed this fall, in his interim report last month, partly to the cost of raising foreign loans. He added, however, that since the Lubok sale "investments made on the advice of investment adviser proved to be for the most part unfruitful."

Mr. Buckley, the adviser in April, ceased to act early in April.

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WESTFORTH ELECTRICAL. Microfilm Trust, a subsidiary of merchant bankers Keyser Ullmann, is to make an unconditional offer to acquire the 24.84 per cent. of the capital of Westforth Electrical and Automation that it does not already own, at 15p per share. Proposals are also to be submitted to holders of the £70,199 outstanding of 7½ per cent. Convertible Unsecured Loan Stock, 1968-69, for redemption at 80p per cent, plus accrued interest.

Directors of Westforth, accounting for 45,068 shares in the company, and investment trusts managed by Keyser Ullmann with a further 294,368 shares, intend to accept the offer. A recommendation by the independent directors of Westforth for other shareholders to accept will be sent out, along with the offer document and circular to loan stock holders. The latter will be advised by the Westforth Board to accept the proposals; holders of £30,000 nominal of the stock have already indicated that they will.

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in the East of England. Consideration for the deal is £1.025m. plus and 82 per cent. for the Pre-ference, Mr. T. D. Parr and Mr. £150,000, by which the net profit before tax of Kingsbury for the year ending February 28, 1977, exceeds £250,000. In the year to February 28, 1976, Kingsbury made pre-tax profits of £270,804.

A statement from Combined English, which recently had Mr. R. W. "Tiny" Rowland, the chief executive of London, join the Board, said that the acquisition "will establish the group's presence in an important growth sector of the retail trade."

total 87 per cent. for the Ordinary Metal and of G. L. Willan state that following recent discussions, it has been mutually agreed that the proposals for the acquisition of Willan by Spencer Clark (as announced on June 11) should now proceed. Accordingly, both companies will continue to operate independently.

WAITE & SON. The Fairsons offer for Waite and Son has been accepted by holders of 2,878,883 Ordinary shares. It is unconditional and remains open until August 18.

WILLIAM BAIRD. The offer for Thomas Marshall Investment has been declared unconditional (acceptances now

REDIFFUSION TV. The British Electric Traction offer for the Ordinary and non-voting "A" Ordinary of Rediffusion Television not already owned has been accepted in respect of 28,222 Ordinary and 281,182 "A" Ordinary shares, representing 100 per cent. of the shares for which the offer was made.

Scottish & Newcastle Breweries Limited

'Turnover and pre-tax profits both at record levels'

Extracts from the statement by the Chairman, Mr. P.E.G. Balfour, issued with the annual report and accounts for the 53 weeks ended May 2, 1976.

It is very satisfactory for the first time for two years to be able to report an increase in group turnover and profit before tax, both at record levels.

Beer and lager sales. The main strength of the Company lies in its sales of ale and lager, particularly in the free trade.

Whilst your Company's ale products have strengthened their place in the market, we have been concerned that we have not yet been able to attain what we consider to be our proper share of the fast-growing lager field. For a Company largely relying on the free trade one lager product is not enough. The introduction of Kronenbourg, through our partnership with Harp Lager Limited, gives us a more complete range of products and we are confident that we can improve our position.

With the agreement of our partners in Harp Lager Limited, we are test marketing our own brand, McEwan's Lager, in north-east Scotland, so far with excellent results.

Financial position of the Company. Your Company is now in a stronger position than it was a year ago. Short-term borrowings have been reduced and working capital requirements kept under control: £22m of 4½% Debenture has matured and been repaid. Spending on fixed and other assets for the year at £12m was contained within cash flow, and our plans have not yet matured to a point where it has been found necessary to draw down any of the proceeds of the rights issue. The final results have benefited by the reductions in interest paid and the substantial inflow of income from funds invested in the money market.

Capital expenditure. Our capital expenditure during the last year has been at a lower rate than was intended. During 1974 and much of 1975, when inflation was increasing at an extremely rapid rate and wages and salaries were moving in step, it seemed prudent to conserve the resources of the Company against an unknown future by cutting back capital expenditure as far as possible. The reduced expenditure in 1975-76 was a result of decisions taken in 1974-75. In the short run this cutback in expenditure was necessary but in the long-term if equipment is used beyond its proper life then the value of a business, and the shareholders stake in it, is reduced.

What is further exemplified is the length of the planning cycle when capital expenditure is being considered. British Industry is much criticised at this moment for failure to invest. Current lack of investment reflects the situation as it was two or more years ago. The effects of a decision to invest now will not be seen for at least two years. To plan expenditure over a long period requires confidence that there will be continuity on the part of Governments of whatever colour as regards fiscal policies, taxation, legislation, and economic planning. Unless there is confidence in this continuity there will be little investment.

During the course of the next few years we anticipate an increasing rate of expenditure on new commercial vehicles and equipment and the improvement of our licensed estate, together with further loans to our customers in support of free trade. We hope to start in the current year the building of a new depot at Dundee as well as the improvement and enlargement of other depots. We are making further investment in computer equipment, reorganising a part of our wine and spirit distribution system, as well as increasing output and warehousing at our distilleries.

The greater part of our future investment is concerned with the renewal and extension of packaging systems at our main production centres. An examination of the problems involved has shown us that they will require more radical solutions than we had previously thought. The resultant changes are likely to affect the pattern and shape of our Company for the next 15 to 20 years, and will, therefore, be concerned with the whole question of future marketing and production requirements.

A copy of the Offer for Sale, having attached thereto the documents specified below, has been delivered to the Registrar of Companies for registration.

Application has been made to the Council of the Stock Exchange for the ordinary share capital of Molins Limited ("the Company"), issued and to be issued fully paid, to be admitted to the Official List.

The Directors of the Company have caused this Offer for Sale to be made to the public with a view to the Company being listed on the Stock Exchange for the purposes of giving information to the public with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The ordinary shares now offered for sale will rank in full for all dividends hereafter declared or paid on the ordinary share capital of the Company.

The application list for the ordinary shares now offered for sale will open at 10.00 a.m. on 27th July, 1978 and will close at any time thereafter.

MOLINS LIMITED

(Incorporated in England under the Companies (Consolidation) Act 1908 - No. 124855)

Hill Samuel & Co. Limited

OFFER FOR SALE

8,600,000 ordinary shares of 25p each at 120p per share
payable in full on application

President

Desmond Walter Molins, C.B.E.

Directors

Sir Arthur James Stephen Brown, K.B.E. (Chairman)
Cut Hedges, Bolney, Sussex

*James Clive Walker (Managing Director)
Deanhurst, Partridge Lane, Parkgate, Newdigate, Nr. Dorking, Surrey

The Rt. Hon. John Emerson Harding Davies, M.B.E., M.P.
4 St. Barnabas Villas, London S.W.8

Sir Richard Portway Dobson
16 Marchmont Road, Richmond, Surrey

*Peter William Greenwood
Manor Cottage, 11 Datchet Road, Old Windsor, Berkshire

*John Francis McLaughlin (U.S. Citizen)
One North Riding Drive, Cherry Hill, New Jersey 08003, U.S.A.

William Gilchrist McPhie
Flat 7, 17 Bolton Road, Chiswick, London W.4

*John Alfred Mills
Cullford, Coombe Park, Kingston Hill, Surrey

Desmond Walter Molins, C.B.E.
54c Eaton Square, London S.W.1

Patrick Sheehy
11 Eldon Road, London W.8

Sir Charles Percival Law Whishaw
Westcott Hill House, Westcott, Dorking, Surrey

John Andrew Southerden Burn (alternate to W.G. McPhie)
Goblin Combe, Cleve, Bristol

*Executive Directors

Share Capital

Authorised	Issued and to be issued fully paid
£ 900,000	£ 900,000
10,100,000	7,328,000
11,000,000	8,228,000

Indebtedness

On 30th June, 1976 the Company and its subsidiaries had outstanding:	
Unsecured indebtedness:	£'000
7½ per cent. unsecured loan stock 1978	2,000
Loans at variable rates of interest repayable 1978	300
U.S. \$10 million 10½ per cent. senior notes repayable 1979-88	5,618
Bank indebtedness	461
Secured indebtedness:	
Bank loans at variable rates of interest repayable 1979	2,000
Bank loan at a variable rate of interest repayable 1977-79	300
U.S. \$15 million loan at a variable rate of interest repayable 1978-81	8,427
U.S. \$3.75 million loans at variable rates of interest repayable 1977-80	2,107
Bank indebtedness	447
Other	236

On 30th June, 1976 the Company and its subsidiaries had, after excluding liabilities covered by Export Credit Guarantee Department insurance, contingent liabilities in respect of bills receivable sold amounting to £1,409,363.

At 30th June, 1976 the Company and its subsidiaries had short term deposits and credit balances with bankers amounting to £2,680,782.

Amounts in foreign currencies have been converted into sterling at the rates of exchange ruling on 30th June, 1976.

Saved as aforesaid and apart from intra-Group transactions neither the Company nor any of its subsidiaries had outstanding on 30th June, 1976 any borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments or guarantees (other than trade guarantees) or other material contingent liabilities.

Secretary and Registered Office

John Frederick Holbrook, F.C.I.S., A.C.M.A.
2 Evelyn Street, London SE8 5DH

Bankers

Midland Bank Limited, Winchester House Branch
96 Old Broad Street, London EC2N 1BA

Receiving Bankers

Midland Bank Limited, New Issue Department
Mariner House, Pepys Street, London EC3N 4DA

Solicitors to the Company

Freshfields, Grindall House, 25 Newgate Street, London EC1A 7LF

Solicitors to the Offer

Slaughter and May, 35 Basinghall Street, London EC2V 5DB

Auditors and Reporting Accountants

Peat, Marwick, Mitchell & Co., Chartered Accountants
1 Puddle Dock, Blackfriars, London EC4V 3PD

Brokers

Hoare Govett Limited,
Atlas House, 1 King Street, London EC2V 8DU,
and at The Stock Exchange

Registrars and Transfer Office

Midland Bank Limited, Registrar's Department
Courtwood House, Silver Street Head, Sheffield S1 3RD

JOY AND BUSINESS

The Company and its subsidiaries ("The Group") are major manufacturers of machinery for the tobacco industry and for certain sectors of the paper and board industries. The business is international in character and sales to customers in the United Kingdom both as exports and sales by the overseas subsidiaries consistently accounted for a high proportion of the Group's turnover, reaching cent. in the year to 31st December, 1975.

The Company was incorporated on 18th October, 1962 to acquire the business held in London in the 1890's by Mr. J. S. Molins as importers from the U.S.A. of machinery used in the tobacco industry. The Company began to manufacture its own packing machinery in 1917. In the 1920's it supplemented its existing range of machinery by the acquisition of a cigarette-making machine; it was at this stage that British-American Company Limited and Imperial Group Limited, who are still shareholders and representatives on the Company's Board, acquired their original holdings in the company and first gave the Company financial backing.

The Company first became significantly engaged in the manufacture of paper and converting machinery in 1963 when an existing subsidiary merged with a listed company, Masson Scott & Co. Limited, a manufacturer of corrugating machinery and fishing machinery. The Company received 52 per cent. of the ordinary share capital on Scott & Co. Limited under the terms of the merger and acquired the balance in the Group's U.K. paper and board converting machinery business is now carried on by Scott-Thurwell Engineering Limited ("MST"). In 1974 the Group acquired an American Corporation, Ohio, its Langston Division ("Langston"), one of the principal producers in the U.S.A. of corrugating and corrugated box machinery. Certain products of MST were before the acquisition of Langston, are, manufactured under licence from Langston.

In 1968, the Company, on the strength of its engineering expertise, diversified into the production of specialist machine tools. This venture was, however, abandoned in 1973 due to insufficient demand for the products.

The Company has, in recent years, been organised on a basis appropriate to the size of its operations. All the executive positions on the Board have been filled by experienced managers, and the senior management below Board level has been strengthened by development of existing staff as well as by outside recruitment.

to machinery

The Group designs and manufactures machinery for making, handling and packing tobacco. In the year to 31st December, 1975 the manufacture of tobacco machinery led 67 per cent. of the turnover and 78 per cent. of the trading profit of the Group. Over the last five calendar years, the consumption of cigarettes on a world wide basis has increased at an estimated average annual rate of 3.6 per cent. The rate of increase has been uniform for all countries because of local factors such as population changes, the economic development, changes in tobacco duty and the health of the population. Demand for tobacco machinery is affected both by the rate of increase in consumption of cigarettes and by the speed at which existing machinery is replaced or complemented by machinery of more advanced design. Cigarette machinery is replaced or complemented by machinery of more advanced design. The success of the Group will continue to be closely linked to its ability to develop technical innovations, reducing its customers' production costs and improving the quality of their products. The Group's research and development policy and resources are described below.

Tobacco machinery for the production of cigarettes falls into two categories, namely, primary and secondary machinery. Primary machinery prepares the tobacco for production whilst secondary machinery carries out the operations involved in making and packing cigarettes. The tobacco machinery manufactured by the Group is entirely secondary machinery and comprises principally:

rette-making machines. The Group estimates that its sales of Mark 8 and Mark 9 rette-making machines have over the last five calendar years been approximately 45 per cent. by number of world sales of new cigarette rette-making machines. The Group's strength in this market is based principally on the Mark 8 and Mark 9 machines, models developed from these machines and associated ette filter equipment. The Mark 9 machine was launched in 1970 and is capable of making 4,000 cigarettes per minute.

rette packing and wrapping machines. The Group manufactures a range of machinery for cigarette packing, boxing and wrapping, the most important of which are the "flip-top" and "flip-top" packing machines. For some 20 years the Group has been the only significant manufacturer in the world of hinge lid packing machines, a position which has recently been challenged by competitors entering the market. The Group believes that there will be some loss of market share as a result of this challenge, it is not yet possible to assess its long term significance. The Group itself launched new and improved models, the most sophisticated of which is the Mark 9 machine, capable of packing 6,000 cigarettes per minute.

rette handling machinery. The Group manufactures a range of machinery for the automatic handling of cigarettes between the making and packing processes. The Group has a strong position in the market for these machines and believes that the market will grow significantly.

The U.K. tobacco machinery is manufactured principally at factories located at 1 and Saunderton, and spares are manufactured principally at Peterborough and Lerry. In addition, some manufacture of machines and parts is sub-contracted. Because the tobacco industry is concentrated into large units, the major tobacco manufacturers are the principal customers of the Group and in 1975 they purchased some 85 per cent. by value of the tobacco machinery sold by the Group.

The Company's Tobacco Machinery Division has been granted the Queen's Award for Export Achievement in 1966, 1970 and 1973 for export achievement and in 1976 for technological achievement.

and board converting machinery

Langston and MST manufacture the paper and board converting machinery sold by the Group. In the year to 31st December, 1975 this business contributed 33 per cent. of the turnover and 22 per cent. of the trading profit of the Group.

World consumption of paper and board has during the last five calendar years been rising steadily; however, demand for paper and board converting machinery is

Langston and MST manufacture corrugating machines and corrugated box making machines, the output of which is used mainly for packaging. Corrugating machines produce sheets of corrugated board from reels of paper at high speed. Corrugated box making machines print, cut, glue and fold sheets of corrugated board into boxes.

MST also manufactures paper and board winders and sheeters which produce reels and precision cut sheets of paper and board.

The Group holds a strong position in the world market for corrugating machines, particularly in the U.S.A., where Langston estimates that in the year to 31st December, 1975 it supplied 70 per cent. by value of the corrugating machines sold. In each of the last five years Langston supplied in excess of 50 per cent. of the machines sold in the U.S.A.

Langston operates at two sites in New Jersey, U.S.A.; recently a 60,000 sq. ft. extension to the assembly/storage area has been completed and a 50,000 sq. ft. office block is now under construction. The factories of MST are located at Bristol.

Overseas sales and subsidiaries

It has been the policy of the Company to develop the overseas sales of Group products. The following table gives the geographical analysis of Group sales for the year to 31st December, 1975:

	£'000	%
North America	33,084	41
Continental Europe	15,801	19
United Kingdom	10,948	12
Asia	7,938	10
Central and South America	6,889	8
Africa	4,443	5
Australasia	3,354	4
	81,378	100

The Company has the following operating subsidiaries overseas:

Molins Machine Company, Inc. ("Molins Inc.") Molins Inc. is a wholly owned subsidiary which was incorporated in the U.S.A. in 1931. In 1974 it was re-structured into two divisions, namely the Richmond Division ("Richmond") and Langston which is described above. Richmond distributes the Company's tobacco machinery in the U.S.A. and in addition manufactures spare parts for the U.S. market and undertakes the overhaul of customers' machines. The latter two activities are of increasing significance and a 15,000 sq. ft. extension to Richmond's factory has recently been completed.

Molins do Brasil S.A. Maquinas Automaticas ("Molins Brasil") The Company acquired 50 per cent. of the equity capital of Molins Brasil in 1961 and the balance in 1964. Molins Brasil manufactures tobacco machinery and is the only manufacturer of cigarette making machines in Brazil. The greater part of its sales are made to customers in Brazil although it also exports machinery to other South American and to Central American countries. In 1973 it was decided that the need for additional capacity justified the construction of a new building with 183,000 sq. ft. of factory and office space in São Paulo and this was completed in 1975.

Molins of India Limited ("Molins India") Molins India was incorporated as a wholly owned subsidiary of the Company in 1960. It is listed in India and 50.8 per cent. of the issued share capital is held by the Group. It has two factories and manufactures tobacco machinery which is sold mainly within the Indian sub-continent.

Molins (Australia) Pty. Limited ("Molins Australia") The Company acquired 63 per cent. of the issued share capital of Molins Australia in 1963 and the balance in 1965. Molins Australia distributes and services Group products and acts as selling agent for other capital goods manufacturers.

Spares and servicing

The Group not only designs and manufactures machinery but also undertakes installation and servicing. The sale of spares represents a significant part of the business and, in the year to 31st December, 1975 accounted for over 25 per cent. of Group sales. The Group is continuing to develop the business of the sale of spares.

The Tobacco Machinery Division in the U.K. has two factories solely producing spares, one at Peterborough and the other at Londonderry. A new purpose built factory at Peterborough is nearing completion; this will replace the existing factory there and at the same time increase the Division's capacity to manufacture spares.

Research and development

The Group's strength in the international markets in which it operates has been founded to a significant degree on the high standards it has achieved in technical innovation and engineering design. Group technical policy is to maintain and where possible improve those standards and in connection with this policy the Group maintains comprehensive engineering research and development facilities. In its U.K. and U.S.A. operations those facilities include research and experimental laboratories, design offices and workshops. Design and development facilities also exist at Molins Brasil and Molins India. The Group employs some 450 staff in technical research, engineering development and design, of whom about 140 are qualified engineers.

Alfied to research and development, the Group has its own patents department. This department, which employs a number of qualified patent agents, is responsible for the many patent applications and searches which need to be made throughout the world, and also deals with patent licences granted by and to the Group, royalty agreements and patent infringements and other matters which may arise.

MAJOR SHAREHOLDERS

As stated under "Directors and other interests" in "Statutory and General Information" below, British-American Tobacco Company Limited and Imperial Group Limited each will hold approximately 23.6 per cent. of the enlarged ordinary share capital of the Company. Neither of these companies is selling any shares under this Offer for Sale and both have stated that they have no present intention of disposing of any of these holdings. In the year to 31st December, 1975 sales to these companies and their subsidiaries amounted to approximately £15m. The Group trades with these companies on terms similar to other major customers on an arm's length basis.

DIRECTORS AND STAFF

For management purposes certain interests of the Group are organised as operating divisions. The Tobacco Machinery Division comprises the Group's tobacco machinery interests based in the U.K. and the Paper and Packaging Machinery Division comprises Langston and MST. Overseas subsidiary companies are managed by local boards.

Sir Stephen Brown has been non-executive Chairman of the Company since 1971 when Mr. D. W. Molins, a grandson of the founder of the business, retired from the chairmanship and became President of the Company.

Mr. J. C. Walker, aged 60, has been an executive Director of the Company since 1968 and was appointed Managing Director in 1970. There are three other executive Directors. Mr. J. A. Mills, aged 51, has been Managing Director of the Group's Tobacco Machinery Division since he joined the Group in 1971. Mr. J. F. McLaughlin, aged 49, has been Managing Director of the Paper and Packaging Machinery Division since 1974. He joined Langston in 1965 and was appointed a Director of the Company in 1975. Mr. P. W. Greenwood, aged 41, was appointed Group Finance and Administrative Director in 1973. He joined the Company in 1968.

The Rt. Hon. John Davies, Sir Richard Dobson, Mr. W. G. McPhie, Mr. D. W. Molins, Mr. P. Sheehy, Sir Charles Whishaw and Mr. J. A. S. Burn are all non-executive Directors. Mr. Sheehy is a Director of British-American Tobacco Company Limited and Mr. McPhie is a Director of Imperial Group Limited. Mr. Burn is the alternate to Mr. McPhie.

At 31st March, 1976, the Group had 7,925 employees; 5,830 were employed in the U.K. and 2,095 were employed overseas.

The Group attaches great importance to its apprentice training and management development schemes. In the U.K. these provide a valuable source of craftsmen, technicians and future management.

Since 1972 there has been no serious loss of output in the U.K. as a result of industrial disputes. Overseas companies have generally experienced stable industrial relations.

The Group operates pension schemes in the U.K., U.S.A. and Australia.

PREMISES

The following table gives details of the principal premises owned by the Group:

Location	Occupant	Total area (if applicable)	Floor area	Tenure and details of lease
Dayford, London, England	The Tobacco Machinery Division	11.4 acres	320,000 sq. ft. of factory space and 100,000 sq. ft. of office space.	Mainly freehold.
Saunderton, Buckinghamshire, England	"	24 acres	278,000 sq. ft. of factory space and 50,000 sq. ft. of office space.	Freehold.
Peterborough, England	"	"	71,500 sq. ft. of factory space and 5,500 sq. ft. of office space.	Leasehold, in 2 units. 7 years from June 1973 at a rental of £27,800 p.a. and 5 years from February 1975 at a rental of £31,350 p.a.
Peterborough, England	"	15 acres	Under construction. It will comprise 138,000 sq. ft. of factory with ancillary offices. Main building completed mid-1976.	Freehold.
Londonderry, Northern Ireland	"	"	110,000 sq. ft. of factory with ancillary offices.	Leasehold, 21 years from January 1967 at a current rental of £3,179, rising in stages to £8,960 p.a.
Bristol, England	MST	4.8 acres	145,000 sq. ft. of factory space and 47,000 sq. ft. of office space.	Freehold.
Bristol, England	"	"	61,000 sq. ft. of warehousing and ancillary offices.	Leasehold, 17 years from June 1974 at a current rental of £48,500 p.a. There are provisions for rent reviews in 7th and 12th years.
Bristol, England	"	1.6 acres	14,000 sq. ft. of factory and office space.	Freehold.
Camden, New Jersey, USA	Langston	7 acres	102,000 sq. ft. of factory space and 25,000 sq. ft. of office space.	Freehold.
Cherry Hill, New Jersey, USA	Langston	33 acres	172,000 sq. ft. of factory space; 50,000 sq. ft. of office space under construction.	Freehold.
Richmond, Virginia, USA	Richmond	8 acres	43,000 sq. ft. of factory space and 18,000 sq. ft. of office space.	Freehold.
Mauá, São Paulo, Brazil	Molins Brasil	72 acres	138,000 sq. ft. of factory space and 45,000 sq. ft. of office space.	Freehold.
Mohali, Punjab, India	Molins India	17 acres	44,000 sq. ft. of factory space and 24,000 sq. ft. of office space.	Freehold.
Behala, Calcutta, India	Molins India	4.8 acres	52,000 sq. ft. of factory space and 5,000 sq. ft. of office space.	Freehold.
Collingwood, Victoria, Australia	Molins Australia	"	28,000 sq. ft. of factory and office space.	Freehold.

In addition, Molins Brasil has a vacant factory standing on a 2.8 acre freehold site at São Paulo, which is for sale.

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MOLINS LIMITED

Continued

PROCEEDS OF ISSUE AND WORKING CAPITAL

Of the 8,600,000 ordinary shares comprised in the Offer for Sale 5,400,000 are new ordinary shares being issued by the Company for cash. The proceeds of the issue of these shares, after deducting the expenses of the Offer for Sale payable by the Company, are estimated to amount to £6,030,000 and will be used to reduce borrowings, fund certain capital expenditure and meet working capital requirements.

Taking into account the net proceeds of the issue of new ordinary shares and the bank facilities available to the Group, the Directors are of the opinion that the Group has adequate working capital for its current requirements.

PROFITS AND PROSPECTS

The Accountants' Report set out below shows the results of the Group for the five financial years ended 31st December, 1975. From this it will be seen that in respect of continuing activities, between 1971 and 1975, Group turnover increased from £32.7 million to £81.4 million, and profits before taxation and extraordinary items from £2,690,000 to £8,717,000, representing a trading profit for 1975 of £10,426,000 before charging interest of £1,709,000. This trading profit has been earned as to £8,161,000 from the manufacture and sale of tobacco machinery and as to £2,265,000 from the manufacture and sale of paper and board converting machinery.

Turnover from the manufacture of tobacco machinery has grown in each of the last five years with the exception of 1972 when an industrial dispute at the two main U.K. factories halted production for nearly ten weeks. This period saw the successful introduction of new products, particularly the Mark 9 generation of cigarette makers in the U.S.A. market from 1973 onwards. Trading profit before interest has increased from £2,409,000 in 1971.

Turnover from the manufacture of paper and board converting machinery was, until the acquisition of Langston in 1974, provided mainly by MST. That company has been adversely affected by low demand for capital equipment for the international paper and board converting industry since 1972; it has made trading losses in three out of the last four years and losses are continuing in 1976. In 1975 Langston, in its first full year as a member of the Group, made a significant contribution to the Group's results and is continuing to do so in 1976.

In view of the importance of its overseas business, it is the Group's policy to ensure that its U.K. operations retain their ability to compete effectively in international markets by controlling costs and increasing manufacturing efficiency. In accordance with this policy, there was during 1975 a reduction of some 800 in the number of employees in the U.K.; the compensation payments for loss of employment, amounting to £783,000 in respect of 530 employees, were more than balanced during that year by reduced costs. The effort to contain costs and improve efficiency continued into 1976 and during the six months to 30th June, 1976 the number of employees in the U.K. fell by about a further 300.

Group turnover for the six months to 30th June, 1976 is estimated at £43 million, compared with £38.2 million for the comparable period in 1975. Having regard to this turnover, unaudited management accounts and the current order and production position, and on the basis of the assumptions set out in "Statutory and General Information" below, the Directors forecast, subject to unforeseen circumstances, that the Group profit before taxation for the year ending 31st December, 1976 will be of the order of £9 million including the interest saved or earned on the net proceeds of the issue.

Steps are being taken to increase MST's manufacturing efficiency, to improve its product range and to reduce its costs per unit of output. Its return to profitability, however, depends on a revival in the demand for capital equipment from the paper and board converting industry. At Langston there is substantial investment in the improvement and expansion of production facilities with a view to meeting the growth anticipated in the demand for its products.

At present demand from the U.S.A. for new tobacco machines is past its recent peak. However, in view of increasing demands for new tobacco equipment from the rest of the world, the introduction of a new generation of products, the growth in the demand for spares and continuing improvements in operational efficiency, the Directors look to the future with confidence.

DIVIDENDS AND APPROPRIATION OF PROFITS

On the basis of the above forecast, U.K. corporation tax at the rate of 52 per cent., and current rates of overseas taxation, it would be the Directors' intention to recommend total net dividends in respect of each ordinary share of 6.5p, of which 2.0p would be payable as an interim dividend in November, 1976 and 4.5p as a final dividend in May, 1977. The following table illustrates the appropriation of profits on this basis:

Profit before taxation	£'000	8,750
Interest saved or earned on the net proceeds of issue of 5,400,000 ordinary shares	250	
	9,000	
Less: Taxation		
U.K. (mainly deferred)	2,167	
Overseas (all payable)	2,169	
	4,336	
Profit after taxation	4,664	
Less: Minority interests	56	
Profit attributable to the members of the Company	4,608	
Preference dividend	38	
Profit attributable to ordinary shareholders of the Company	4,570	
Proposed ordinary dividend	1,905	
Retained profit	2,665	
Cover for ordinary dividend	2-4 times	

On the basis of the weighted average number of ordinary shares which will be in issue during 1976, taking into account the ordinary shares now being issued, the forecast earnings per share are 17.5p and on the basis of the number of ordinary shares which will be in issue following this Offer for Sale they are 15.6p.

On the basis of earnings per share of 15.6p and total net dividends of 6.5p, the ordinary shares of the Company are being offered for sale on a price earnings ratio of 7.7 and on a gross dividend yield of 8.3 per cent.

ACCOUNTANTS' REPORT

The following is a copy of the Report by Messrs. Peat, Marwick, Mitchell & Co. addressed to the Directors of the Company and to Hill Samuel & Co. Limited:

The Directors,
Molins Limited,
2 Evelyn Street,
London SE8 5DH
Hill Samuel & Co. Limited,
100 Wood Street,
London EC2P 2AJ
Gentlemen,

We have examined the audited accounts of Molins Limited ("the Company") and of its subsidiary companies for the periods relevant to this report. Those accounts were prepared under the historical cost convention adjusted for valuations of U.K. land and buildings. The Company and its subsidiaries are collectively referred to as "the Group". We have acted as auditors of the Company, and as auditors or joint auditors of all its subsidiaries, except Molins (Australia) Pty. Limited, in respect of all the relevant accounting periods.

The summarised profit and loss accounts and balance sheets set out below are based on the audited accounts after making such further adjustments as we consider appropriate. In our opinion these summaries together with the notes thereon give, under the convention stated above, a true and fair view of the profits of the Group attributable to the Company and of the source and application of funds for the periods stated and of the state of affairs of the Company and of the Group at the dates stated.

No audited accounts of the Company or any of its subsidiaries have been made up in respect of any period subsequent to 31st December, 1975.

PROFIT AND LOSS ACCOUNTS

Notes	Years ended 31st December				
	1971	1972	1973	1974	1975
	£'000	£'000	£'000	£'000	£'000
Turnover					
Continuing activities	23,901	23,803	38,249	41,372	54,215
Tobacco machinery	8,789	5,572	5,736	11,950	27,183
Paper and board converting machinery	856	871	870	461	—
Operations since disposed of, or terminated	33,546	30,246	42,855	53,783	81,378
Cost of sales, overheads and interest	31,397	28,315	37,604	46,855	73,275
Profit before taxation and extraordinary items comprising					
Continuing activities	2,890	2,369	5,801	6,880	8,717
Operations since disposed of, or terminated	(541)	(468)	(550)	48	—
Exceptional item	—	—	—	—	(814)
Taxation	2,149	1,931	5,251	6,928	8,103
Profit after taxation and before extraordinary items	487	639	2,516	3,221	3,857
Minority interests	1,682	1,292	2,735	3,697	4,246
Profit before extraordinary items	1,87	(85)	49	76	52
Extraordinary items after taxation and minority interests	1,475	1,377	2,688	3,622	4,164
Profit attributable to the members of the Company	1,475	1,293	2,410	3,822	4,184
Preference dividend	54	54	38	38	38
Profit attributable to ordinary shareholders of the Company	1,421	1,239	2,372	3,884	4,146
Ordinary dividend	234	172	210	226	243
Retained profit	1,187	1,067	2,162	3,558	3,903
Earnings per ordinary share based on					
(a) Unadjusted profits	5.4p	8.0p	11.3p	15.1p	17.3p
(b) Adjusted profits	7.7p	7.1p	12.6p	14.9p	18.6p

BALANCE SHEETS

The Company	The Group					
	1971	1972	1973	1974	1975	
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets:						
Land and buildings	5,560	5,564	5,808	5,389	7,032	17,124
Plant, machinery, equipment and motor vehicles	4,579	4,754	4,828	5,183	7,478	9,898
Investment in subsidiaries	10,139	10,418	8,834	18,579	14,508	28,222
Unquoted investments	253	93	84	136	160	174
Current assets:						
Inventories	14,413	12,547	14,076	18,888	28,283	29,303
Debtors	8,907	7,778	9,765	13,990	18,441	17,288
Cash and short term deposits	601	3,448	3,421	1,637	1,856	2,246
	23,921	24,073	27,262	32,313	44,380	48,418
Current liabilities:						
Creditors	6,207	4,635	6,882	9,154	12,748	11,697
Bank overdrafts and acceptance credits (partly secured)	2,813	397	397	518	958	2,640
Taxation	457	825	814	1,825	915	1,462
Dividends	—	234	172	210	226	243
	9,467	5,891	7,575	11,507	14,848	16,342
Net current assets	14,454	17,982	19,687	20,806	29,532	32,076
Loans (partly secured)	(4,187)	(8,853)	(6,905)	(4,854)	(13,383)	(16,808)
Deferred taxation and grants	(823)	(824)	(823)	(1,703)	(2,897)	(6,486)
Minority interest	(2,794)	(2,777)	(2,975)	(404)	(453)	(501)
Net tangible assets attributable to members of the Company	17,066	17,839	19,202	24,580	27,457	35,877
Representing:						
Share capital	3,240	3,240	3,240	3,711	3,711	3,735
Share premium account	1,585	1,585	1,529	1,529	1,529	1,565
Reserves	20,786	14,599	15,962	19,320	22,217	30,377
	17,066	17,839	19,202	24,580	27,457	35,877

NOTES

Accounting Policies

1. The foregoing summaries of profit and loss accounts and balance sheets reflect the application of the following significant accounting policies on a consistent basis throughout the period under review:

- The accounts of the Group comprise the accounts of the Company and its subsidiaries.
- Assets and liabilities and profits in foreign currencies have been converted into sterling at the rates ruling at the relevant year ends. Exchange differences arising on the reversion of net assets at the beginning of the year and on non-sterling borrowings are taken direct to reserves.
- Fixed assets are shown at cost or valuation before deducting investment grants. Depreciation is calculated on cost or valuation on a straight line basis at rates estimated to write down the value of the assets to nil over their expected useful lives. The rates generally used are:

- Freehold buildings: 4 per cent. per annum on valuation or 2 per cent. per annum on cost.
- Leaseholds: Over life of lease.
- Plant and machinery: 10 per cent. per annum.
- Motor vehicles: 30 per cent. in each of the first three years, and 10 per cent. in the fourth year.

- Freehold land is not depreciated.
- Inventories are valued at the lower of cost, including manufacturing overheads, and net realisable value. Obsolete inventories are written off and provisions are made for excess inventories.
- Turnover is the amount charged to external customers for goods and services.

- Expenditure on research and development, patents, and repairs and maintenance is charged, as incurred, against profits.
- Surpluses or deficiencies arising as a result of the cost of acquisitions differing from the book value of net tangible assets on acquisition are taken to reserves.

- Deferred taxation is calculated at current taxation rates for the relevant years and takes account of the following:

- the amount by which the book value of the fixed assets which qualify for tax allowances exceeds their written down value for tax purposes;
- the amount of provisions in respect of which taxation relief will be deferred until later accounting periods;
- the amount of stock relief arising under the 1975 Finance Acts and the 1976 Finance Bill;
- the amount by which the valuation of U.K. properties at 31st December, 1975 exceeds the base cost of those properties for the purposes of taxation of capital gains.

- Investment grants are credited via the taxation charge over a ten year period on a straight line basis.

Notes on Profits

	Years ended 31st December				
	1971	1972	1973	1974	1975
	£'000	£'000	£'000	£'000	£'000
Profit before taxation is arrived at:					
After charging					
Depreciation	1,008	1,107	1,103	1,189	1,446
Hire of plant	228	120	195	250	240
Interest on loans not repayable within 5 years	433	491	222	118	219
Interest on bank and other short term loans repayable within 5 years	138	103	380	980	1,805
Compensation to staff for loss of employment	—	—	—	—	783
After crediting					
Interest receivable	105	227	257	117	115

- Interest on loans not repayable within 5 years included interest at the rate of 7½ per cent. on £2,000,000 of loans up to 30th June, 1973 on which date they were converted into ordinary share capital.

- Profit before taxation in 1975 is arrived at after charging Directors' emoluments, including pension costs, of £131,000. Under arrangements now in force these would have amounted to £203,000. The increase largely arises from the appointment of a senior executive to the Company's board in December, 1975.

- The depreciation charge for 1975 would have been increased by £155,000 had the charge been calculated on certain property valuations undertaken as at 31st December, 1975.

- In 1974 the Group acquired the Langston Division ("Langston") of Harris Corporation of Cleveland, Ohio for a cash consideration of U.S. \$19,905,000.

The results of Langston included in the summary of profits are as follows:

	3 months ended		Year ended	
	31st December	31st December	1974	1975
	£'000	£'000	£'000	£'000
Turnover	3,357	18,308		
Profit before taxation	318	2,521		
Included in the Group interest charge is interest arising on borrowings used to finance the purchase of Langston.				

- Operations since disposed of, or terminated, comprised:
 - the South African subsidiaries, Cape Manufacturing Engineers (Proprietary) Limited and Molins-Thrissell S.A. (Proprietary) Limited, prior to their disposal with effect from 1st January, 1975;
 - the Machine Tool Division of the Company prior to its cessation of trade in October, 1973.

- The exceptional item comprised a provision in 1975 for an agreed payment made in 1976 on termination of a contract entered into in 1969. This related to a discontinued development project.

Taxation

	Years ended 31st December				
	1971	1972	1973	1974	1975
	£'000	£'000	£'000	£'000	£'000
Corporation tax based on profits of the year	847	378	161	153	822
Relief on losses brought forward	(286)	(75)	—	—	—
Double taxation relief	(48)	(108)	(93)	(105)	(922)
Overseas taxation	313	195	68	48	—
Transfer to deferred taxation	286	413	980	1,448	2,122
National tax charge on change of basis in inventory valuation	223	72	1,067	1,341	1,842
Transfer from investment grants equalisation	(228)	38	582	493	—
Irrecoverable ACT written off	(107)	(97)	(101)	(106)	(107)
	487	639	2,516	3,231	3,857

- Minority interests: During the five years ended 31st December, 1975 the Company's subsidiaries were wholly owned with the following exceptions, where the percentages of equity held were as follows:

	Years ended 31st December				
	1971	1972	1973	1974	1975
	£'000	£'000	£'000	£'000	£'000
Molins Scott Thrissell Limited ("MSTL")	(i) 54.8%	54.8%	100%	100%	100%
Molins of India Limited ("Molins India")	(ii) 55.4%	55.4%	50.8%	50.8%	50.8%

- In 1973 the Company acquired for a cash consideration of £1,800,000 the minority interest in MSTL. The Group consolidated accounts for 1973 included the results of MSTL for the full year.

- At the end of 1972, following an issue of new shares, the Company's interest in Molins India was reduced from 55.4 per cent. to 50.8 per cent. The minority interests included in the summary of profits comprised:

	Years ended 31st December				
	1971	1972	1973	1974	1975
	£'000	£'000	£'000	£'000	£'000
MSTL	194	(124)	—	—	—
Molins India	23	39	49	75	82
	187	(85)	49	75	82

31. Extraordinary items after taxation and minority interests relate in 1972 to expenses on disposal of fixed assets, arising out of the rationalisation of a subsidiary's assets, and in 1973 to the closure of the Machine Tool Division (£276,000).

12. The rates of dividend paid during the period under review were as follows:

In respect of year ended 31st December	Preference		Ordinary	
	%	£'000	%	£'000
1971	6.8	10.50	7.35	10.50
1972	6.8	7.35	7.35	7.35
1973	4.2*	7.48*	8.94*	8.94*
1974	4.2*	8.94*	8.94*	8.94*
1975	4.2*	8.94*	8.94*	8.94*

- Dividends marked * were payable under the imputation system of taxation at shareholders were entitled to a tax credit at the relevant standard rate of income tax.
- In respect of the year ended 31st December, 1974 £2,031.51 "A" non-voting shares were issued as a scrip dividend in lieu of cash as part of the 1974 dividend.

- The calculations of earnings per ordinary share are based on (a) the profit before ordinary items, and (b) the profit before extraordinary items after excluding the amounts to operations disposed of or terminated and the exceptional item, and in both cases after interest paid on the loan stock which was converted in 1973 and after deducting the dividend. The number of shares in issue has been adjusted to take account of the conversion of loan stock in 1973 and the proposed changes in share capital immediately prior to the last ordinary shares for cash in the Offer for Sale.

The calculations have been based on the following earnings and ordinary share capital:

Year to 31st December	Earnings		Ordinary shares of 25p
	(a) £'000	(b) £'000	
1971	1,511	1,834	23,720
1972	1,413	1,893	23,720
1973	2,898	2,979	23,720
1974	3,584	3,538	22,720
1975	4,146	4,941	23,913

WALL STREET + OVERSEAS MARKETS

Index up 1.15 but support lacking

BY OUR WALL STREET CORRESPONDENT.

SMALL GAINS were slightly in the process of a modest recovery today, after the market closed well below the best on a follow-through support.

The Dow Jones Industrial Average finished 1.15 up at 889.44, after rising 3.48 the previous day. The NYSE All-Common Index gained 8 cents to 555.50. Rises led falls by 738 to 653, while the trading volume decreased 460,000 shares to 18.35m.

A number of issues with bullish corporate earnings helped put the market into the winning column.

WEDNESDAY'S ACTIVE STOCKS

Stocks Closing on	Change
Amer. Airlines	+1.00
Continental	+1.00
Pan Am	+1.00
Nat. Semiconductor	+1.00
Poland	+1.00
Norfolk	+1.00
Unit. Tech.	+1.00
Dow Chemical	+1.00
Seafair	+1.00

Analysts said the 0.5 per cent. rise in the U.S. Consumer Price Index in June—compared with a 0.6 per cent. gain in May—was about in line with expectations and had no apparent impact on stock prices.

Airlines were among the favourites. Heavily traded American Airlines rose \$1 to \$161 on \$37.400 shares after reporting earnings of \$1 (17) cents per share for the second quarter. Pan American Airways moved up \$1 to \$81 — some industry analysts

said Pan Am is in the process of a successful turnaround. Other stocks responding either to bullish earnings or a favourable profit forecast included General Foods up \$1 at \$291, Cone Mills \$4 at \$431, Babcock and Wilcox \$1 at \$331, Avon Products \$1 at \$441, Motorola \$1 at \$551, TRW \$1 at \$361, and Occidental Petroleum \$1 at \$181.

Eastman Kodak firmed \$1 to \$98, also on improved earnings. But Watkins-Johnson dropped \$2 to \$251 on sharply reduced earnings.

General Dynamics fell \$1 to \$601.

Homestate Mining rallied \$1 to \$33 following a recovery in the price of gold bullion overseas. Polaroid rose \$1 to \$381, reflecting its higher earnings and raised dividend.

Skelly Oil moved ahead \$2 to \$101 on Getty Oil's plan to buy the shares.

Westinghouse added \$1 at \$161 after announcing settlement of a strike.

The American SE Market Value Index moved up 0.38 to 104.80, while advances edged declines by 280 to 278. Turnover amounted to 2.18m. (2.44m) shares.

Oglethorpe Copper resumed ahead \$4 to \$441 on the resumption of dividends.

Asarco Oil, however, fell \$1 to \$1.

Canada mixed

Canadian Stock Markets were mixed in light trading yesterday.

The Gold Share Index rallied 4.80 to 256.60, after rising 2.37 to 254.23 and Utilities shed 0.17 to 143.20, but Industrials shed 0.02 to 188.52. Western Oils lost 0.42 to 226.81. Papers dipped 0.22 to 119.47 and Base Metals eased 0.01 to 92.62.

Campbell Red Lake rose \$1 to \$191 and Dome Mines added \$1 to \$381.

Celanese Canada lost 10 cents to \$4.55.

Canadian Cable Systems fell \$1 to \$161.

Gulf Oil Canada put on \$1 to \$291.

OTHER MARKETS

PARIS—Barely steady in calm trading. There were no special factors affecting business apart from the rise in Call Money to 8 1/2 per cent. from 8 1/4 per cent. on Tuesday.

Banks, Construction, Stores, Electricals, Oils and Chemicals were all lower, while Investments and Metals were mixed. Rubbers, Foodstuffs and Motors were steady. Construction and Transport gained ground.

Gold Mines advanced strongly, with Free State and Western Deep adding over 8 per cent. each. American Western Metals rose 1 1/2 per cent. while Dutch and Oils were lower.

AMSTERDAM—Steady to fractionally lower in slow trading. In Banks, Algemene Bank Neder-

land declined Fl.150. Dutch Industrials were generally steady. Rijksscheide-Vereenigde was down Fl.1.60. Shipbuilding were down Fl.1.60. Bonds were steady.

BRUSSELS—All banks, businesses and markets closed yesterday—National Day Holiday.

GERMANY—Shares firmed on average of DM1 and DM2 on increased investor interest. Among shares, Deutsche Bank rose DM5 while in Banks Dresdner gained DM4.1. BMW, DM2, Daimler, DM2, led Motors higher, while Siemens, DM2.1, Linde, DM2.5, and Demag, DM2.5, showed the only significant changes in Electricals, Machinery and Steel sectors.

Bonds of up to five-years life were in demand and gains of up to DM0.35 outweighed occasional losses of DM0.20. The Authorities sold a nominal DM1.3m. of stock. Mark Forecasts were steady in this trading.

COPENHAGEN—Mixed in active dealings.

OSLO—Banks and Shippings were firm, while Investments were lower and Industrials quiet.

VIENNA—Irregular trend. MILAN—Irregular, less active and nervous trading.

Pirelli SPA, up L30 at L1320, and Olivetti Privileged, up L34 at L1315, were rare gainers. Other shares were slightly higher in fairly active trading.

SWITZERLAND—Very steady in slow trading.

In Financials both Oerlikon-Buehrle stocks recovered strongly.

NEW YORK, July 21.

Industrials were steady in moderate activity.

State Bonds were quietly steady. Actively traded Dollar stocks were narrowly mixed. Dutch Inter-nationals were steady, while Germans were well maintained. Golds recovered strongly.

JOHANNESBURG—Golds were firmer, attributed to the recovering bullion price and also reaction to an oversold Stock Market. There was some slight interest from London.

Financial Minings were firmer. Other Metal sectors were marginally easier, with Palamin losing 25 cents to R12.75 in Coppers.

Industrials were slightly easier.

HONG KONG—Lower in sluggish trading.

Hong Kong Bank were down 20 cents to HK\$3.50, Hong Kong Electric to HK\$3.50, and Hong Kong and Kowloon Wharf 10 cents to HK\$3.50.

TOKYO—Mixed in limited trading, with some selective buying. Export-oriented shares alternating with liquidations and other selling. Volume 130m. (110m) shares.

Some Textiles, Ceramics and Metals gained ground slightly, as did Electricals. But Shippings drifted lower, while Oils, Foods, Paper-Pulp, Metals, and Chemicals were "big-capital" issues were also generally easy.

Press reports said South Korea shore Japan anew to sign a Pact for mutual exploration of off-shore oil tracts under the waters between the two nations. Nippon Oil, which is scheduled to take part in the search, fell ¥7 to ¥535.

Isaki Agricultural Machinery shed ¥7, despite a sharp profit gain and forecast another profit rise.

Kao Soap rose ¥7 to ¥602.1 plans a 7 per cent. increase in laundry detergent prices.

Hase Gawa Komuten put on ¥1 to ¥547.50, announced local earnings but forecast a recovery.

AUSTRALIA—Prices eased on profit-taking, led by Minings.

COFA, however, rose 5 cents to \$43.0.

Pancontinental fell 30 cents to \$43.40 and Peko-McLesland shed 12 cents to \$45.74.

Among Base Metals, Am. and S. lost 5 cents to \$42.40 and Hamersley slipped 6 cents to \$42.40.

Cong went against the general trend, with AAR rising 2 cents to \$42.40 and Thiess 3 cents to \$42.40.

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FOREIGN EXCHANGE

Gold recovered part of its recent loss in the London Bullion Market yesterday, closing at \$1212.13, a gain of \$41 on the day. Buying interest was revived by the low levels touched in the early part of this week and trading was very active again.

Some improvement was not altogether unexpected following a fall of \$15.00 over the previous four trading days, but the market remains very nervous after the heavy selling which developed following the recent gold auction by the International Monetary Fund.

The metal opened at \$1208.10, and fell to \$1197.00, before rising to a high of \$1212.13.

Sterling continued to attract buying interest in the foreign exchange market yesterday, despite recent indications of Labour Party left-wing opposition to the Government's plans for public sector spending cuts. The pound closed at \$1.7840-1.7850, a gain of 30 points on the day. It opened at \$1.7825-1.7835, and touched a low point of \$1.7810-1.7820.

Sterling's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, narrowed to 38.5 per cent. from 38.6 per cent. at noon and stood at 38.5 per cent. at noon and in early dealings.

The French franc showed little change against the U.S. dollar at the close yesterday, at Frs.450.00 compared with Frs.450.00 previously. The franc moved within a range of Frs.448.00 and Frs.452.00, and may have been influenced by a further rise in French domestic prices. The franc's trade-weighted average depreciation

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ISSUE PRICE US \$2.06 PER SHARE

The authorised share capital of the Company is ¥13,500 million, divided into 270 million Ordinary Shares. Following the issue of the Shares, the issued

At 30th June, 1976 Renown had outstanding **¥7,678 million (\$25.2 million)** of short-term indebtedness (of which **¥2,108 million (\$6.9 million)** was secured) and **¥4,137 million (\$13.6 million)** of long-term indebtedness (all of which was secured) and was contingently liable under guarantees of indebtedness, principally of associated companies, amounting to **¥10,023 million (\$32.9 million)**. Save as aforesaid, at 30th June, 1976 Renown had outstanding no borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or guarantees or other material contingent liabilities.

[illegible]

CUSTODIAN
The Sumitomo Bank, Limited
3-2 Marunouchi 1-chome,
Chiyoda-ku, Tokyo.

SOLE AGENTS
Pierson, Holding & Pierson N.
 Herengracht 214, Amsterdam

	actual		as adjusted	
	Yan (million)	Dollars (thousand)	Yan (million)	Dollars (thousand)
<i>Short-term indebtedness:</i>				
Short-term loans (Note 7)	5,210	17,082	5,210	17,082
Portion of long-term debt due within one year (Note 2)	1,379	4,521	1,379	4,521
Total short-term indebtedness	6,589	21,603	6,589	21,603

The Ordinary Shares are listed on the Tokyo and Osaka Stock Exchanges. The following table also shows, for the periods indicated, the reported high and low sales prices of the Ordinary Shares on the Tokyo Stock Exchange in yen and translated into dollars (all adjusted for the free distributions of Ordinary Shares made at the beginning of 1973, 1975 and 1976):—

Name	Percentage (per cent.)
The Sumitomo Bank, Limited	8.84
The Mitsubishi Bank, Limited	3.11
Y. Ichib & Co., Ltd.	5.72
The Sumitomo Marine & Fire Insurance Co., Ltd.	2.44
Isotoen Company Limited	2.71
Mitsubishi Rayon Company, Limited	2.49
The Sumitomo Trust & Banking Co., Ltd.	2.28
The Industrial Bank of Japan, Limited	2.08
The Meiji Trust & Banking Co., Ltd.	1.95
Sumitomo Mutual Life Insurance Company	1.81

Japanese securities companies	138,297	23
Other Japanese corporations	18,193,811	212
Japanese individuals	33,854,064	11,854
Foreign institutions and individuals	787,729	24
	<u>81,840,000</u>	<u>11,938</u>

As a result of these developments, the clothing industry is becoming an increasingly important part of the very large Japanese textile industry.

The following table shows sales in each of these categories for the years indicated.

	Yen (million)			
Women's ready-to-wear ..	4,752	5,968	9,103	15,569
Men's ready-to-wear ..	1,880	4,330	4,881	12,700

Men's ready-to-wear	1,694	3,330	6,881	12,748	18,893
Women's ready-to-wear	7,187	12,731	21,649	32,416	28,932
Men's outerwear	8,885	127	16,469	19,291	21,969
Women's outerwear	5,194	6,544	8,515	7,980	7,864
Women's and children's underwear	6,589	6,971	10,090	10,542	10,644
Men's underwear	8,862	7,979	9,298	10,608	11,579
Hosiery	2,903	3,362	4,343	5,432	6,195
Infants' clothing	2,181	2,580	3,178	2,740	2,676
Dressingmaking fabrics	837	1,055	1,031	892	927
Miscellaneous					

Total	<u>47,200</u>	<u>60,527</u>	<u>91,017</u>	<u>109,403</u>	<u>131,907</u>
Ready-to-wear					

Ready-to-wear clothes for men and women include dresses, suits, blazers, skirts, raincoats and overcoats. Rainwear began to include women's ready-to-wear in its business and men's as recently as 1970. However, sales of these categories have grown steadily. Sales were \$1.91 billion in December 1975, compared with \$1.66 billion in December 1974.

Outerwear

Outerwear includes sweaters and shirts for men, women and children. In the year ended December 31, 1976 women's and children's outerwear accounted for 20.6 per cent. and men's for 16.8 per cent. of consolidated net sales.

Underwear—Lingerie, nightdresses, foundation garments and pyjamas, as well as other undergarments, are included in this category. Although this category formed the basis of the original business of the company, its relative importance has declined in recent years and in 1975 it accounted for only 10.5 per cent of the company's consolidated net sales.

فلما مضى الليل



Tourischeva, bettered again last night by Nadia Comaneci, darling of the 1976 Olympics.

Superb Nadia wins gold

NADIA COMANECI, Rumania's remarkable 14-year-old gymnast, won her first gold medal in the Olympic Forum last night in the individual all-around competition.

She scored 79.375 points which included two perfect 10s, and topped reigning champion Ludmila Tourischeva, from Russia, who won the bronze medal.

The silver went to another Soviet gymnast, Nelli Kim, who scored 78.575—0.05 ahead of Tourischeva.

The difference between Comaneci and Tourischeva was apparent in the second rotation, when the Rumanian scored ten on the uneven bars, Tourischeva was awarded 9.8 on the bars—and scowled like a panther.

In the third rotation Comaneci, who gave a superb performance, was given another ten on the beam, to Tourischeva's 9.85.

Britain's Avril Lennox finished 35th of the 36 finalists, with 73.875.

The beaten champion, before accepting her bronze medal, went to the podium to kiss the gold and silver winners.

After four absorbing, if frustrating, days spent adding in the preliminaries, during which Britain has achieved little more comfort than the yachting, sailing and canoeing events, the British contingent here can now look forward to Saturday and to a follow-up by David Wilkie.

Wilkie's Silver Medal performance in the 100 metres was more than enough to place him in the final, finishing second to West Germany's 3.43 sec—0.58 of a second in.

side his own Commonwealth and European record, 0.10 inside the prevailing world record, and three-tenths of a second behind John Hencken, of the U.S., who took the gold with a new world mark of 1.03.11.

Yet Wilkie is better at 200 metres than at 100 metres. Over the longer distance, his strength, finishing speed and sinuous rhythm come into their own, and a gold-medal time of around 2.17.50 is a possibility.

By Saturday, too, the three-day

Engaged to an economics graduate at the University of Miami—Wilkie is studying mass communications. He will in all likelihood retire after these Olympics, perhaps to take a job with a swimwear manufacturer.

He wants that 200 metres gold. His rivalry with Hencken is bitter. It dates from Munich in 1972, when Hencken beat him into second place in the final of the 200. Hencken owns the world records at both distances, although Wilkie scored clear victories over the American at the AAU meeting in California in April.

After presentation of the 100-metre medals, this time Wilkie sat quietly beside Hencken while the beefy American answered the 100m fool questions of the U.S. swimming press.

"John, could you tell us what was going through your mind down there in the pool?" "I guess I felt I wasn't kinda thinking in particular."

David Andrew Wilkie, MBE, sat through these proceedings with a disbelieving grin. He's waiting for Saturday and the big one right there—long stroke or short stroke, Hencken or no—in the 200 metres.

The walk-out of African and Arab States has obliged the Olympic Organising Committee to revise its estimate of the Games cost. An official spokesman yesterday that lost hotel and ticket revenues were likely to push the Games bill from an estimated \$89m. to around \$120m.

Twelve-dollar tickets for gymnastics, basketball, swimming and weightlifting are fetching \$60-plus. In track and field a bustling futures market is operating.

Wilkie produced a flourishing half-way through his 100 metres, when trailing Hencken by almost a second, but it was not quite enough.

Wilkie, 22, is the great loner of British swimming, to the extent that those who know him are a little surprised he is so arrogant or shy. He is a great self-disciplinarian the one who will leave the disco and go to bed at exactly the right time, according to the British men's team coach, Dave Haller.

THE OMSENS for the Test-start last summer. Plus Knott, who is having a horrid patch. These ingredients hardly add up to the runs required against an attack which, if the crowd has life, is bound to be extremely formidable.

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STOCK EXCHANGE REPORT

Gold shares and bullion rally but equities sensitive
Index 4.6 off at 382.3—Courtaulds down on profits warning

Account Dealing Dates

First Declaration Last Account
Dealing Date Dealing Date
July 22 July 23
Aug. 5 Aug. 6
Aug. 19 Aug. 20
Sept. 1

*New time deals may take place from 1.30 a.m. two business days earlier.

Gold shares and bullion staged useful rallies yesterday after the recent sharp setback, but equity markets gave further ground in thin and sensitive trading conditions. Already drifting lower against a background of the continuing wrangle over the expected cut in public expenditure and news of the assassination of the British ambassador to Ireland, leading equities received further unhelpful news following the profits warning from Courtaulds, which closed 6 lower at 126p. There was some reasonable sized selling of Courtaulds which split over into some of the other leaders, but final quotations were a little above the day's low. Down 5.4 at the worst of the day at 2 p.m., the FT-382 index closed 4.6 lower on balance at 382.3.

Gold shares responded to the sharp recovery in bullion, which closed \$6.25 higher at \$133.25 an ounce. Buying developed from the Continent and the Cape and closing gains were often substantial. This was reflected in the Gold Mines index which rose 13.1 to 121.9, after reacting 31.5 over the previous four trading days.

Gilt easier

Although bid speculation continued to feature, overall dullness in equities became more pronounced; falls led rises by 4.1 in FT-quoted Industrials compared with 3.1 on Tuesday, while the FT-Actuaries All-Share index lost 0.9 per cent to 157.74. Official markings of 4.011 compared with 4.061 on Tuesday and 4.267 a week ago.

Fears of a prolonged Cabinet

tussle over the proposed public expenditure cuts, following the rise in the unemployment figures left their mark on British Funds yesterday. Short-dated issues opened around 4 lower, but some buying developed at the lower levels. Once this had been completed, sellers gained the upper hand, particularly in the low coupon issues where final losses ranged to 1. The day's reaction, however, took place in a rather small turnover. It was a similar story in mediums and longs which recorded falls of 1 to 1 1/2 on balance at the close. The Government Securities index lost 0.23 to 62.38.

After staging a small recovery to 103 1/2 per cent, in the early stages, the premium succumbed to renewed selling of investment currency on arbitrage account and retreated to 104 per cent, to leave a fresh fall of 1/2 on the day. Yesterday's SE conversion factor was 0.7118 (0.7122).

Union Discount down

A disappointing interim profits statement depressed Union and dampened sentiment in other Discounts: Union fell away to touch 810p before closing 10 down on balance at 815p. Similar falls were seen in Cater Ryder, 240p, and Seacombe Marshall and Campion, 230p, while Alexander's gave up 1/2 to 200p, after 195p, and Gillet Bros. recorded 4 to 184p. With the interim dividend season due to start on Friday with figures from Lloyds and Midland, home banks tended to cheapen on small selling orders. The former ended 8 off at 220p and the latter were 5 lower at 270p. Overseas issues were again dull with Hongkong and Shanghai a fresh 5 lower at 184p, while the former ended 8 off at 220p and the latter were 5 lower at 270p. Overseas issues were again dull with Hongkong and Shanghai a fresh 5 lower at 184p, while the former ended 8 off at 220p and the latter were 5 lower at 270p.

Scottish and Provident Financial

at the common price of 62p. Insurances continued to display an easier bias. Sun Alliance shed 9 at 401p and Eagle Star were

down at 119p. Sedgwick Forbes declined 6 to 235p after Brokers where Alexander Howden recorded 5 to 150p.

Mothercare dull

Mothercare featured easier. Stores with a fall of 3 to 197p on small sales in an unwilling market. Awaiting today's preliminary figures, GEC declined 4 to 158p and BICC lost 3 to 113p. Elsewhere, Jones Street resisted the general dullness by hardening a penny to 57p while the aid of favourable Press comment kept it at 57p, while Greene King, while also on Press remarks, Rediffusion closed slightly firmer at 80p. However, Decca, 230p, and "A", 212p, lost 4 apiece.

Wedgwood retreat

Miscellaneous Industrials declined in further light trading, but ended a little above the day's low. Reckitt and Coleman, 346p, Boverat, 187p, and Reed International, 230p, after 235p, sustained net losses of 4, while Becham, 250p, after 255p, lost 5 to 250p. Wedgwood made a weak showing, retreating 15 to 200p in reflection of the chairman's warning at the annual meeting of a considerably lower first-quarter profits. Despite the first-half profits advance, M.K. Refrigeration reacted 6 to 72p on liquidation of bull position. The new share price of 83p on selling by recent speculators tired of waiting for further news regarding the bid approach. Whalman Reeve Angel moved ahead 10 to 102p in thin market, the price in yesterday's issue was incorrect. Aron Rubber attracted further take-over speculation and closed 2 higher at 80p, 30p, making a two-day advance. 80p, Camrex gained 4 at 43p and Office and Electronic 3, at 64p. George Ewer were quoted ex "rights" at 41p with the bid at 41p, as did 41p premium. Amongst dull Hong Kong issues, Jardine Matheson lost 11 to 235p. The Australian Broken Hill Proprietary recorded 15 more to 805p, but the South African Barlows rallied 3 to 155p.

Among quiet Motors and Distributors

Dewy closed a penny off at 138p despite satisfactory preliminary figures and a proposed 50 per cent scrip issue. Lee Services were also a penny cheaper at 32p and Lucas finished 2 off at 214p. Mann and Overton, a firm market of late, held steady at 232p following the disclosure by Volkswagen of a 19.8 per cent stake in the company. British Leyland was finally unchanged at 30p, after 29p; it was announced late yesterday that the Government had agreed to give the company the first tranche of loan capital.

Newspapers and Papers drifted easier in idle trading. United

Erratic, touching 338p

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Dividend Issues and "Rights" Page 23

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FINANCIAL TIMES

Thursday July 22 1976

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WED YESTERDAY

Europeans seek key machine-tool group takeover

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

TWO MAJOR European companies are seriously interested in taking over Kearney and Trecker Marwin, the State-owned concern considered to be the key British-owned group at the high-technology end of the machine-tool industry.

This was disclosed yesterday by Mr. Walter Norton, whose company, W. E. Norton, is a long-standing shareholder in Kearney. He refused to give the names of the two companies but said that the Department of Industry and the Treasury had been provided with these details. Mr. Norton is battling against the proposed scheme of arrangement for Kearney which would de-nationalise the company but involve the Government in writing off £5m, and putting up nearly £2m more. Control would then pass to Vickers.

He said that both the interested overseas groups were comparable in status with Vickers but that they were much more deeply involved in machine-tool manufacture.

Fighting

Three executives from one of the companies are due to arrive in the U.K. this week to look over Kearney which has its headquarters near Brighton. Mr. Norton said: "Until recently the impression was that only Vickers was eligible as far as the Department of Industry was concerned to propose terms as bidders for Kearney. But I

have been assured by the Department that this is not so." Permission has been given to Mr. Norton to present his opposition to the proposed scheme for Kearney when it comes up for consideration in the High Court on Monday. He is to fight on three fronts.

Better terms

He wants either (1) better terms from Vickers as he claims the price offered for the Kearney shares are "totally unrealistic" or (2) A takeover by some other company on terms which would protect the £412,000 shown in (W. E. Norton's) balance-sheet as the written-down value of its investment in Kearney.

Thirdly, he has issued a writ against the Industrial and Commercial Finance Corporation (ICFC) in connection with advice given by it at the time of the merger of the Kearney and Trecker business with the machine tool division of Marwin in 1973.

Late Monday night the Commons approved a resolution authorising further State financial assistance for Kearney and Trecker Marwin, but Mr. Alan Williams, Minister of State for Industry, told the House that the Government would abide by any decision of the court.

During the debate he suggested that without the aid or the financial reconstruction as many as 800 jobs could be lost at KTM.

Post Office makes profit on letters

BY ARTHUR SMITH

THE POST Office made a profit on its letter service following the major price increase of last September, Sir William Ryland, the chairman, said in London yesterday.

Launching a vigorous defence of the corporation's return to profitability, Sir William declared: "I am not embarrassed. Why should I be?"

He refused to give details from the annual report and accounts, due to be published next week, but he said the telecommunications operation was in profit as expected.

Giro, after paying its first dividend to the Government, was also in surplus, and the letter service was in the black. Only the parcels operation continued, as a persistent loss-maker.

It is widely expected that the Post Office will report an overall profit of around £150m—a dramatic turnaround from the £306m loss the previous year.

Telecommunications are expected to make a profit of just under £100m, compared with the forecast £80m surplus at the time of the last tariff increase. Postal services, because of losses on parcels, are likely to show a deficit of £10m.

Sir William attributed the corporation's achievement partly to the success of the Government's privatisation policy, but also to the support given by staff in cutting costs.

The Post Office had worked hard for its profits, which were essential to promote investment and create employment, Sir William maintained.

Thames Water Board bans garden hoses

FINANCIAL TIMES REPORTER

THE DROUGHT has forced the Thames Water Authority to take emergency measures. From Saturday, a total ban has been imposed on the use of hoses and sprinklers for domestic purposes throughout the region—although the area is better placed than the other nine that make up national water system for England and Wales.

Charges made by the authority for the use of a hose pipe or similar apparatus will be subject to a reasonable reduction in accordance with the statutory provision.

The policy of banning hoses and sprinklers has also been adopted by water companies working as agents for the authority.

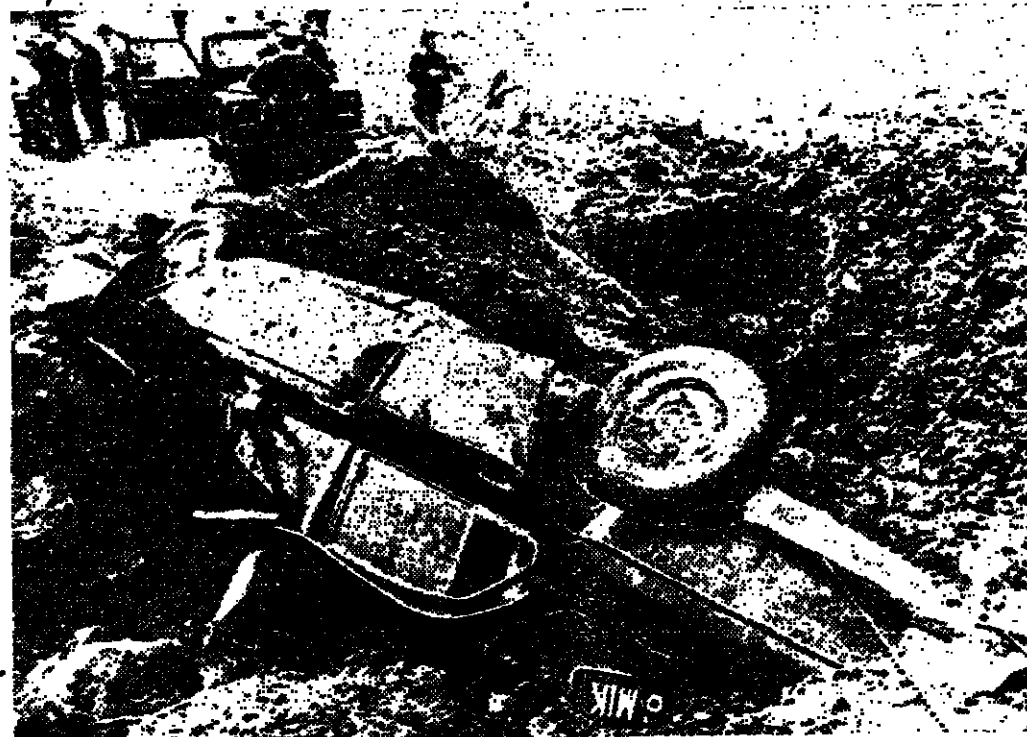
The authority has appealed to consumers to cut water use and "not in any circumstances to waste it."

Many people had responded to its appeals not to waste water, but the unprecedented drought rendered the restrictions necessary until further notice.

The Thames Water Authority serves about 12m. consumers, or a quarter of the population of England and Wales spread over 5,000 square miles stretching roughly from the Cotswolds to Dorset and from Banbury to the Hampshire downs and embracing London.

More than 900m. gallons of clean water are supplied daily at present. Almost half the supplies are drawn from the Thames, about 7 per cent. from the River Lea, and 44 per cent. from underground sources.

As a result, the Board has £322 per cent. of the equity. Grundy (Teddington) holds 19.1 per cent. and the National Research and Development Corporation holding has been reduced from 45 to 28.97 per cent.



The wreck of the car in which Mr. Christopher Ewart-Biggs, Britain's Ambassador to the Republic of Ireland, was killed, lies in the landmine crater.

Continued from Page 1

Search for killers of envoy

Charities. She sent a message of condolence to Mr. Ewart-Biggs's widow.

An Ulster Unionist MP, Mr. James Kilfedder, said in London that he thought the "dastardly act might bring the Dublin Government to take action they should have taken years ago against the terrorists who find sanctuary in Eire and train and arm themselves and collect money."

It might also force the British Government to do something to bring pressure to bear on any Irish Republic to protect the representative of the Crown in Ireland.

Irish police are searching for three men who were observed at the scene of the explosion and for two escape cars, one of which has a Northern Ireland registration. Officials refused to be drawn about whom they believed responsible, but Justice Minister, Mr. Patrick Cossey, said: "Our suspicions would naturally fall in the direction of extreme republican groups."

Mr. Brian Cubbon, Ulster Permanent-Secretary, is not thought to have been the target of the assassins. He was on a surprise, semi-secret visit to Dublin and had arrived the previous night. Both he and 38-year-old Miss Cooke, as well as the Ambassador's chauffeur, Mr. Brian O'Driscoll, who was seriously hurt, were in the car.

The main rival republican organisation to the Provisionals, the Official IRA, promptly issued a statement through its official Sinn Féin wing in Dublin condemning the murders.

The Irish Government is determined to capture the murderers and execute them as a deterrent measure but, most of all, it is concerned to be seen to act firmly in order to protect the Irish nationals living in Britain from a violent backlash similar to that which occurred after the Birmingham bombings in late 1961.

The motive for the killing of Mr. Ewart-Biggs remains a mystery, for the probable outcome is a wave of revulsion that will cost the entire republican movement dearly both in Ireland and in Northern Ireland. He was what the Provisionals have in the past described as a "soft target" and therefore not one that the movement could expect to gain sympathy by attacking.

But in Dublin to-night there is speculation that his death may have been engineered by the extremist "hawk" faction in the Provisional IRA's ruling seven-man "Army Council."

ICL explained the situation to the national officials of the relevant trade unions on Tuesday and local representatives at the factories were told yesterday.

"Joint consultation will continue at each ICL factory to identify ways and means of handling the local problem, to choose the most appropriate solution and to monitor progress in a way that will serve the best interests of our employees and the continuing needs of our customers," it

Enterprise Board takes control of Data Recording for £2m.

BY DAVID FISHLICK, SCIENCE EDITOR

THE National Enterprise Board has injected £2m. and taken a controlling interest in Data Recording Instruments, the largest U.K. manufacturer of computer peripherals. This comes on the advice of the National Research Development Corporation, one of Data Recording's shareholders.

By subscribing for 2m. new £1 shares at par in Data Recording, the Board has almost doubled the working capital of this research-based company to £4.45m. It has also bought 400,000 £1 shares from existing shareholders.

As a result, the Board has 53.92 per cent. of the equity. Grundy (Teddington) holds 19.1 per cent. and the National Research and Development Corporation holding has been reduced from 45 to 28.97 per cent.

Over the last year the Corporation has approached several U.K. electronics groups with a direct interest in Data's product range in the search for a backer to help bring in more than just the money to support its five-year plan. But none was willing to commit management resources to what was seen as a high-risk enterprise involving a substantial research effort, said Mr. Makinson.

However, the Corporation found the National Enterprise Board willing to provide cash "with very few strings attached."

Data's primary product is the disc memory and its market is the small computer system manufacturer. It was built up originally on U.S. licences as an offshoot of International Computers, from which Grundy acquired control in 1972. In 1974, the Corporation came in to support its development programme with loan and share capital.

Kaufman denies Plaid deal

BY LORNE BARLING

THE GOVERNMENT denied yesterday that any deal had been made with Welsh Nationalist MPs on their abstention in the Commons vote on shipbuilding nationalisation and the exclusion of Bristol Channel Ship Repairs from the Bill.

The Department of Industry said that Mr. Gerald Kaufman, Minister for Industry, had made it clear to Plaid Cymru that it was the Government's intention to retain the company in nationalisation plans.

However, Mr. Dafydd Wigley, MP for Caernarfon, maintained that an agreement had been reached. Mr. Gwynfor Evans, Plaid Cymru Leader, said after the vote that assurances had been given by Mr. Michael Foot, Leader of the House, that an

amendment on the issue would be debated at a later stage in the Bill and that it would not fall under the guillotine.

Mr. Wigley said last night: "The truth of this matter will emerge next week when we know if the amendment will be debated."

If it is not debated it is possible that evidence will be produced to prove that discussions between the two parties did take place. It is also likely that more obstructions will be placed in the way of the Aircraft and Shipbuilding Industries Bill.

It is hoped by the three Plaid Cymru MPs that two amendments will be debated, one limiting the size of the workforce of companies included, thus excluding

Bristol Channel, which employs a small workforce. The other amendment aims at excluding ship repairing.

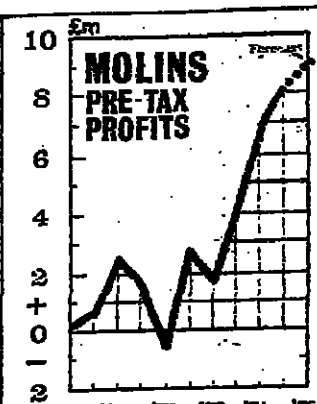
Without the support of the Welsh MPs, the Scottish Nationalists and Ulster Unionists, the Government is estimated to have a marginal majority. A small number of Labour MPs have also expressed their support for Bristol Channel's recent campaign to be excluded.

The company has spent up to £100,000 on national advertising and other measures to persuade the Government that ship repairing is essential to its overall nationalisation plans, and that the company already meets many of the aims of worker participa-

THE LEX COLUMN

Rolling out Molins

Index fell 4.6 to 382.3



The response this morning to the Hambro Life issue has a bearing on the prospects for the £10.3m. Molins offer for sale next Tuesday but the two companies are, of course, very different propositions. In particular, Molins is a long-established industrial company in an unglamorous field—mainly the manufacture of cigarette making and packing machinery.

It is a company, however, which has seen big changes in the past five years. Until 1972 its record was highly erratic, but outside management was brought in (only one family director remains) and Molins embarked on a sizeable expansion programme which included a major acquisition—the £20m. purchase in the U.S. of Langston, corrugated board machinery makers, in 1974—and the spending of £10m. on other fixed assets in 1974 and 1975.

The rise in net indebtedness from under £4m. in 1973 to £19.4m. at the end of last month indicates why Molins wishes to raise £6m. through the issue. The Molins family is also taking the opportunity to lighten holdings, but the BAT and Imps stakes remain unchanged (each falling in proportionate terms from 29 to under 24 per cent.).

Efforts to improve efficiency and profitability have clearly borne fruit in recent years but the drawback is that Molins already has a large penetration of its specialised market—a world market share of 45 per cent. in cigarette-making machinery. Similar considerations apply to the main diversification, into paper and board converting equipment (over a fifth of trading profits), for Langston claimed 70 per cent. of the U.S. market in 1975.

So Molins does not look a convincing growth stock, being overshadowed by all the uncertainties of the tobacco industry. On the other hand it is of a decent size for institutional investors—capitalised at £33m.—and will have shareholders' funds of over £40m. after the issue. With its slight yield advantage Molins could well slot into the engineering section at around 125p, for a modest premium over the offer price.

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last year. The company is sure how much more term there is a credit ready raises about £10m. of money in institutions such as pension funds might attractive investment bling black for individuals is that a provision for money during the term, and the short long way short of with the building so. Another unknown adequacy of the structure. FFI has shorter rates about 10% above compo authority rates but to play around with capital. At the lon will have to take a

Renown Inc. to obtain a London listing and to raise U.S.\$16m. via a public offering in the form of European depositary receipts. For some years now Japanese companies have been moving away from the London Stock Exchange—the number listed fell from ten to three—primarily because of stringent listing requirements. This March, however, the Stock Exchange cleared away what had been the biggest hurdle by deciding that companies could make public offerings at a discount without infringing the rules in London, provided that the terms had been approved by the Japanese Finance Ministry.

Renown's motives seem to be mainly to do with prestige. A medium sized group involved in clothing distribution, it has no apparent need for international sources of capital since its sales activities are confined to Japan, while its business is not capital hungry and is conservatively financed.

Its shares will probably find a ready home among the institutions. But this is unlikely to start a procession of Japanese fund raisers. It is an expensive operation, and there may be domestic constraints at the rate, the Japanese Finance Ministry now seems to be taking a tougher line with companies that want to raise debt overseas.

FTF's decision to try and attract amounts of up to £25,000, for terms of 3 to 10 years at almost permanent fixed rates from the general squeezing of public represents something of a U-turn. FFI says Alexander's earlier story of £10m. which is small beer much to go deep special about the decision by against a total inflow of £180m. 8.6 per cent.

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